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COMMISSION OF THE EUROPEAN COMMUNITIES

PRELIMINARY DRAFT

General budget of the European Communities for the financial year 1977

900

VOLUME 7

SECTION III • COMMISSION

General Introduction

PRELIMINARY DRAFT

General budget of the European Communities for the financial year 1977

VOLUME 7

SECTION III • COMMISSION

General Introduction

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PART I

POLICY ANALYSIS AND OVERALL SUMMARY

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PART I

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GENERAL PRINCIPLES UNDERLYING THE PRELIMINARY DRAFT BUDGET FOR 1977

In its communication (COM(76)83 final) to the joint Council of 5 April, the Commission had already indicated the general lines on which Community budget policy was to be based.

In its turn the joint Council emphasized certain points in which it was particularly interested and which the Commission was to take into account in making the budget forecasts for 1977.

This document represents the policy analysis for each major field of activity and highlights the main features of the implementation of each policy as well as its financial implications.

When preparing the preliminary draft budget for 1977, the Commission took the following concepts as a general guide: there was to be evidence of budgetary austerity and the budget which was presented was to be simultaneously a forecast, while developing certain policies and introducing a few new operations involving a modest financial outlay. The Commission also made an effort to improve the presentation of the budget and make it more transparent.

As was the case particularly during the preparatory work on the 1976 Budget, the Commission was once more guided by the need for austerity when determining the level of the appropriations provided, particularly those for the administrative sector for which the Commission is responsible. The Commission therefore decided to request only a strict minimum both as concerns new staff and as regards appropriations for the administration.

The Commission can only reaffirm that it believes that the budget should be, above all, a forecast. Consequently the Commission feels that it is essential that the Budgetary Authority should enter appropriations in the budget against every foreseeable item of expenditure. Supplementary

budgets should be envisaged solely for expenditure which was not foreseen when the general budget was adopted, or for expenditure which is absolutely essential and results from new decisions taken during a financial year.

The Commission therefore feels that greater use should be made of the method of entering 'provisional' appropriations under Chapter 100¹ where it is known that the Council is due to take a decision in 1977. Such is, for instance, the case as regards the decision on agricultural prices which the Council is due to take in Spring of 1977 and in respect of which a provisional 200 m u.a. has been proposed for Chapter 100.

Continuing with the effort to achieve greater European integration means that certain general policies must be developed. Therefore the budget forecasts for 1977 provide for an increase in the appropriations for the 'social', 'research, industry and energy' and 'aid to developing countries' sectors. The field covered by the EAGGF Guarantee Section will expand again in 1977 as far as financial outlay is concerned, although the Commission is making every effort to introduce measures which will allow stricter control of expenditure. The preliminary draft of the 1977 Budget also introduces a few new operations for which the financial outlay, as compared with the total Budget, is modest. These projects fulfil a need which is self-evident.

Since 1975, a new budgetary era has begun, marked by the coming into force of Article 203 of the EEC Treaty. Although this posed certain problems (refinement of the distinction between compulsory and non-compulsory expenditure, method of calculating the maximum rate of increase, conditions for the exercise of budgetary powers by the Council and Parliament), the Commission is glad that the experience of budget procedures in 1974 and 1975 enabled the difficulties to be overcome, and so that Article 203 could be applied flexibly and pragmatically. The 1976 procedure for the 1977 Budget has thus got off to a good start.

¹Corresponding to Chapter 98 of previous financial years.

TECHNICAL IMPROVEMENTS IN PRESENTING THE BUDGET ESTIMATES

Pursuing its previous efforts, the Commission has introduced the following improvements in this preliminary draft:

- (a) applying the distinction between "appropriations for commitment" and "appropriations for payment"

The Commission has introduced in various categories of the intervention appropriations - in accordance with the wishes expressed in particular by the European Parliament - the distinction in the preliminary draft for 1977 between "appropriations for commitment" and "appropriations for payment" for multiannual operations in order to enhance budget transparency and establish better conditions for its execution. A wider application of this distinction is intended to permit the entry of appropriations which will be needed to meet legal obligations (commitment appropriations) while limiting payment appropriations in any year to actual needs.

This technical improvement is absolutely necessary if the Budget is to be an up-to-date and transparent instrument both for estimates - and thus authorization - of expenditure, and for its execution. The improvement will avoid carry-overs of substantial payment appropriations, such as are made at the moment.

- (b) modifications of nomenclature

The Commission's aim is to rearrange the appropriations logically, so that, as comprehensively as possible, the Budget will illustrate the effects of various policies. The 1977 preliminary draft improves the presentation even more from this angle, by giving the widest possible consideration to Parliament's observations, as set out in the Report PE 40071 Def. 1976 on the "interinstitutional dialogue relative to certain budgetary questions". The improvements bear mainly on the following points:

- Title 2 henceforth comprises all the expenditure of routine administration;
- Title 4 covers solely appropriations enabling reimbursements to be made to the Member States or certain aids to be afforded them. Thus, the old Chapter 29 (Reimbursement to Member States of 10% of own resources) is transferred to Title 4;
- Titles 6 and 7 are no longer affected by the "dual exchange rate" (which now appears in the new Chapter 47), so as to show more clearly the real cost of the common agricultural policy;
- Title 9 assembles all the expenditure relating to the developing countries and non-member countries;
- appropriations constituting "reserves" are shown in Chapters 100 and 101 (to keep Title 9 self-consistent).

NEW LAYOUT OF THE GENERAL INTRODUCTION

The Commission felt that it should continue to elucidate the budget funds at its disposal. Special care has therefore been taken in preparing the new General Introduction, which now comprises three parts:

- Part I is a policy presentation on the main areas of activity and includes an overall summary of appropriations, so that the most significant features can be easily picked out (new operations noteworthy expansions, breakdown of the 1977 increase over 1976, etc...).
- Part II is a major innovation since it presents an analysis for the first time actually for each significant entry, of the essential characteristics of the appropriation (legal basis, nature of the expenditure, short description of the operation, breakdown and justification of the appropriation and any changes).

This Part, which constitutes a veritable budget "library" illustrates the far deeper financial analysis which the Commission has made and certainly represents a major advance towards the budgetary transparency desired in various quarters.

- Part III is made up of the "Multiannual Estimates" which provide the requisite perspective to assess the appropriations. Increasing interest has been shown in the three-year estimates over recent years. Parliament, in particular, paid great attention to them last year. The Commission hopes that the Council too will be able to appreciate their importance and significance. It would be gratified if both institutions were to discuss them and make comments for further reference.

SUMMARY OF ALL EXPENDITURE

The preliminary draft of the 1977 Budget amounts to 9.260.731.297 u.a. and shows an overall increase of 1.683.872.149 u.a.¹, i.e., 22,22%, as against the 1976 Budget.

The Table below summarizes the appropriations for each Institution:

| Institutions | Appropriations 1976 | | Preliminary draft of 1977 Budget | | Increase in u.a. from 1976 to 1977 |
|------------------|------------------------|-------|-------------------------------------|-------|--|
| | Sums | % | Sums | % | |
| PARLIAMENT | 52.121.209 | 0,69 | 55.274.994 | 0,60 | + 6,05 |
| COUNCIL | 64.450.658 | 0,85 | 70.685.486 | 0,76 | + 9,67 |
| COMMISSION | 7.449.103.901 | 98,31 | 9.122.100.017 | 98,50 | + 22,46 |
| COURT OF JUSTICE | 11.183.380 | 0,15 | 12.670.800 | 0,14 | + 13,30 |
| Total | 7.576.859.148 | 100 | 9.260.731.297 | 100 | + 22,22 |

It must, however, be emphasized that this comparison has no more than a provision value, since the Commission's 1976 appropriations must be increased as a result of the Supplementary Budget shortly to be established for the EAGGF Guarantee Section and Food Aid and of the Supplementary Budget which has just been put forward for Friuli.

A. POLICY ANALYSIS BY
MAJOR FIELDS OF ACTIVITY

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1. General summary of the changes in appropriations

The table shown on the following page gives an overall view by major policy categories of how appropriations have changed between 1976 and 1977.

To enable an objective comparison to be made, this table distinguishes between the appropriations for commitment and the appropriations for payment. This new means of comparison is vital in view of the Commission's proposal for 1977 to widen considerably the application of the distinction between "appropriations for commitment" and "appropriations for payment".

The salient points of this comparison can be summarized as follows:

The agricultural sector, which in the new budget presentation has been freed from the effects of the "dual exchange rate", represents 63% of the appropriations for commitment and 67% of the appropriations for payment in 1977. The effect of the new presentation is therefore to reduce the actual share of the agricultural policy in the Budget total (it exceeded 70% in 1976 under the old system): the following factors should, however, be borne in mind:

- the appropriations for 1976 do not take account of the effect of the supplementary budget which is to be presented subsequently,
- secondly, the appropriations for 1977 include 200 million u.a. as a reserve for the price review.

Consequently, the real increase will be much lower than this provisional percentage.

¹Included in the "Agricultural Sector".

²Included in the "Development Cooperation Sector".

in u.a.

| SECTOR | 1976 | | | | 1977 | | | | Change | | Change | |
|---|----------------------------|-------|----------------------------|-------|----------------------------|-------|-------------------------|-------|------------------|---------|------------------|---------|
| | Approps. for commitment | % | Approps. for commitment | % | Approps. for commitment | % | Approps. for payment | % | col. 5 col. 1 | % | col. 7 col. 3 | % |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| I. COMMISSION | | | | | | | | | | | | |
| A - <u>Intervention appropriations</u> | | | | | | | | | | | | |
| A 1 Agricultural Sector | 5.130.612.500 | 63,98 | 5.130.612.500 | 67,71 | 6.370.273.500 | 63,12 | 6.209.373.500 | 67,05 | +1.239.661.000 | +24,15 | +1.279.761.000 | +21,03 |
| A 2 Social sector | 530.600.001 | 6,62 | 452.600.001 | 5,97 | 634.722.000 | 6,29 | 185.032.000 | 1,97 | + 104.121.999 | +19,62 | - 257.562.000 | -13,13 |
| A 3 Regional sector | 500.000.000 | 6,24 | 300.000.000 | 3,90 | 500.000.000 | 4,95 | 500.000.000 | 5,31 | - | - | + 200.000.000 | +66,67 |
| A 4 Research, Energy, Industry, Transport | 337.043.270 | 4,20 | 172.992.526 | 2,28 | 368.615.766 | 3,65 | 249.894.179 | 2,70 | + 31.572.495 | + 9,37 | + 76.901.631 | +24,41 |
| A 5 Development Cooperation Sector | 293.520.750 | 3,66 | 293.520.750 | 3,87 | 485.632.900 | 4,81 | 382.632.900 | 4,13 | + 192.112.150 | +65,45 | + 89.112.150 | +30,35 |
| A 6 Reimbursement & aid to Member States, and miscellaneous | 320.000.000 | 3,99 | 320.000.000 | 4,21 | 650.000.000 | 6,44 | 650.000.000 | 7,02 | + 330.000.000 | +103,13 | + 330.000.000 | +103,13 |
| | 7.111.776.521 | 88,69 | 6.659.725.777 | 88,01 | 9.009.244.166 | 89,26 | 8.176.932.579 | 88,31 | +1.897.457.643 | +26,55 | +1.507.206.300 | +22,64 |
| B - <u>Operating appropriations</u> | | | | | | | | | | | | |
| B 1 Staff | 242.860.542 | 3,03 | 242.860.542 | 3,21 | 274.328.900 | 2,70 | 274.328.900 | 2,96 | + 31.468.358 | +12,95 | + 31.468.358 | +12,91 |
| B 2 Administrative expenditure | 77.577.107 | 0,97 | 77.577.107 | 1,01 | 87.889.300 | 0,87 | 87.889.300 | 0,93 | + 10.312.193 | +13,29 | + 10.312.193 | +13,21 |
| B 3 Information | 6.340.000 | 0,08 | 6.340.000 | 0,08 | 7.766.000 | 0,08 | 7.766.000 | 0,08 | + 1.426.000 | +22,49 | + 1.426.000 | +22,47 |
| B 4 Aid and subsidies | 20.414.401 | 0,25 | 20.414.401 | 0,27 | 23.476.700 | 0,23 | 23.476.700 | 0,25 | + 3.062.299 | +15,- | + 3.062.299 | +15,- |
| | 347.192.050 | 4,33 | 347.192.050 | 4,55 | 393.450.900 | 3,90 | 393.450.900 | 4,21 | + 46.258.850 | +13,33 | + 46.258.850 | +13,31 |
| C - <u>Contingency reserve</u> | 3.000.000 | 0,04 | 3.000.000 | 0,04 | 6.000.000 | 0,06 | 6.000.000 | 0,06 | + 3.000.000 | +100,- | + 3.000.000 | +100,- |
| D - <u>Reimbursement to Member States of 10% of own resources</u> | 429.186.074 | 5,35 | 429.186.074 | 5,60 | 545.706.538 | 5,41 | 545.706.538 | 5,89 | + 116.520.464 | +27,15 | + 116.520.464 | +27,15 |
| COMMISSION TOTAL | 7.891.154.645 | 98,41 | 7.449.103.901 | 98,31 | 9.954.411.604 | 98,63 | 9.122.100.017 | 98,50 | +2.053.256.999 | +26,15 | +1.672.936.115 | +22,41 |
| II. OTHER INSTITUTIONS | | | | | | | | | | | | |
| | 127.755.247 | 1,59 | 127.755.247 | 1,69 | 138.631.280 | 1,37 | 138.631.280 | 1,50 | + 10.876.033 | + 8,51 | + 10.876.033 | + 8,51 |
| GRAND TOTAL | 8.018.909.892 | 100,- | 7.576.859.148 | 100,- | 10.093.042.884 | 100 | 9.260.731.297 | 100 | +2.074.132.992 | +25,87 | +1.683.872.149 | +22,21 |

¹As regards the "Agricultural Sector" and the "Development Cooperation Sector", the comparison between 1976 and 1977 shown in this table is provisional: this is because the appropriations shown for 1976 do not yet take account of the effect of the supplementary budget which is to be prepared for the Guarantee Section of the EAGGF and for Food Aid.

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NB. This new form of presentation is necessary to give objective comparison between the appropriations for 1976 and 1977, given the planned much wider use for 1977 of the distinction between appropriations for commitment and appropriations for payment.

In 1976, appropriations for commitment were authorized for three sectors, namely Research, Regional Fund and the Social Fund, the "authorizations" for this last sector amounting to appropriations for commitment (see page ... of Part II).

This distinction has in 1977 been made - in addition to the three sectors referred to above - in respect of the following sectors: Energy, Industry

The social sector exhibits an increase of about 20% in commitments, due mainly to an increase of 100 m u.a. for the Social Fund: on the other hand, the introduction of a distinction between appropriations for commitment and appropriations for payment has meant that the latter will be reduced by 59%; this will enable actual requirements to be met without having to fall back on large carry-overs.

The regional sector is stabilized as regards commitments: payments on the other hand show an increase of 66% (moving from 300 m u.a. to 500 m u.a.).

The research, energy, industry and transport sector exhibits an increase of 9% on commitments and 44% on payments. As explained later in this document, a distinction should be made between:

- the Euratom research sector proper (Chapter 33), which shows a significant reduction in appropriations for commitment over 1976 but an increase in appropriations for payment and,
- the energy and industry sectors which, owing to certain new projects and the extension of some existing ones, show an appreciable increase in 1977.

The "Development Cooperation" sector increases by 65% in commitments and 90% in payments: its overall share of the Budget also increases. The main components of this sector are aid to non-associated developing countries and food aid: it should be borne in mind, however, that the appropriations for 1976 do not yet take account of the effect of the supplementary budget for food aid. Consequently, the actual percentage increase will be significantly lower.

The "Miscellaneous" sector is characterized in 1976 by the effect of the "dual exchange rate" (320 m u.a. in 1976 increasing to 550 m u.a. in 1977), and reimbursements to Member States of 10% of their own resources (429 m u.a. in 1976 increasing to 546 m u.a. in 1977) whereas in 1977, it also includes the estimated capital (100 m u.a.) for the proposed European Export Bank.

The operating sector shows an increase limited to 13%. It should, however, be pointed out that if the effect of new posts on Titles 1 and 2 be excluded, the increase is limited to approximately 11%.

2. Trends in each sector

The budgetary nomenclature does not show immediately or in detail the appropriations in each sector; it is therefore necessary to establish the relation between the appropriations for each policy sector and the nomenclature.

The analysis of the appropriations by policy sector - set out in the following pages - is accompanied by tables which show the relation in question.

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AGRICULTURAL SECTOR

I. EXPENDITURE IN THE GUARANTEE SECTION AND "GREEN CURRENCY" EXPENDITURE

A. UNRELIABILITY OF ESTIMATES OF AGRICULTURAL EXPENDITURE

In its Communication to the enlarged Council of 5 April 1976, the Commission underlined the difficulty in drawing up budget estimates for the EAGGF Guarantee Section, a long time in advance because of the very uncertain nature of the main variables which determine the level of agricultural expenditure (principally production level and world prices). This is even more marked in the case of monetary compensatory amounts and the dual rate of exchange. The cost of these monetary elements is determined essentially by the trend in exchange rates and also by the agricultural trade patterns and the financial patterns in the Guarantee Section and by the monetary compensatory amounts.

Nevertheless, the Commission did want to include estimates for the main items of agricultural expenditure in the estimates sent to the Budgetary Authority to ensure completeness of the preliminary draft budget. It has therefore tried to draw up estimates for 1977 expenditure for each market organization and "green currency" expenditure on the basis of the information available in May 1976. It must, however, be obvious that it is impossible to give all the details of each Budget Article and Item. A letter will therefore be sent to the Budgetary Authority at the end of June containing the additional technical details and in particular details of the budget entries.

If necessary, the Commission will have to correct its initial estimates in September in a letter of amendment on the basis of the still partial but very significant results of the main marketing years (milk, cereals, beet and wine).

TREND IN APPROPRIATIONS IN THE AGRICULTURAL SECTOR

[illegible]

EXPENDITURE IN THE GUARANTEE SECTION AND "GREEN CURRENCY" EXPENDITURE

| Chapter | Products | Appropriations 1976 | | Appropriations 1977 | |
|--|--|-------------------------------|---------------------------------------|---------------------------------------|----------------|
| | | with dual exchange rate | without dual ex- change rate | without dual ex- change rate | Change in % |
| 60 | Cereals | 714,8 | 676,8 | 950 | |
| 61 | Rice | 24 | 18 | 25 | |
| 62 | Milk and milk products | 1.941,1 | 1.892,1 | 2.000 | |
| 63 | Oils and fats | 411,3 | 377,3 | 450 | |
| 64 | Sugar | 170,4 | 162,4 | 330 | |
| 65 | Beef and veal | 679,4 | 623,4 | 650 | |
| 66 | Pigmeat | 69 | 69 | 80 | |
| 67 | Eggs and poultry | 24 | 25 | 25 | |
| 68 | Fruit and vegetables | 112,8 | 94,8 | 120 | |
| 69 | Wines | 196,1 | 174,1 | 120 | |
| 70 | Tobacco | 203,3 | 169,3 | 180 | |
| 71 | Fisheries | 4 | 4 | 10 | |
| 72 | Alcohol | token | entry | 10 | |
| 73 | Other sectors | 62,4 | 62,4 | 60 | |
| 74 | Refunds on processed products | 25 | 25 | 30 | |
| 75 | Accession compensatory amounts | 262 | 262 | 250 | |
| Gross expenditure in the Guarantee Section | | 4.899,6 | 4.635,6 | 5.290 | + 14 % |
| Revenue Guarantee Section | | - 737,0 | - 689,0 | -1.161 | |
| 100 | Levies | - 629,1 | - 584 | - 921 | |
| 110 | Sugar levies | - 107,9 | - 105 | - 240 | |
| Net expenditure in the Guarantee Section | | (4.162,6) | (3.946,6) | (4.129) | + 4,6 % |
| 79 | Compensatory monetary amounts | 260,7 | 204,7 | 550 | + 170 % |
| 47 | Dual exchange rate | (320) | (320) | 550 | (+ 72 %) |
| 100 | Estimate of agricultural prices for 77/78 | - | - | 200 | - |

B. CHANGES IN BUDGET PRESENTATION

The Commission draws the Budgetary Authority's attention to the new layout of agricultural expenditure. As in the past all the expenditure for support of agricultural markets proper - 5,290 million u.a. - is grouped together. At the end of Titles 6 and 7, however, there is a separate chapter on expenditure arising from the compensatory monetary amounts; this is put at 550 million u.a. for 1977. Finally, a new budget entry has been created (Chapter 47) which contains the appropriations intended to cover the cost to the budget of the difference between the "green units of account" and the "budget unit of account"; this sum also is 550 million u.a.

1. The reason for this new layout is obvious: while the compensatory monetary amounts apply to agricultural trade and thus form an integral part of the common agricultural policy, their main purpose at present is to maintain traditional trade patterns and to protect consumers in countries with weak currencies against an excessive rise in the prices of imported foodstuffs. The level of these amounts follows the variations in the exchange rates resulting from the different economic trends in the various Member States. The compensatory monetary amounts are, as it were, the price to be paid for the failure to implement the monetary and economic union. It is therefore wrong to include the compensatory amounts in the specific items of expenditure on the support of markets which forms the Guarantee Section of the EAGGF.

2. Expenditure arising from the dual rate of exchange is a result of the growing gap between the value of the budget unit of account and the various green units of account which are fixed - for the purposes of the CAP - halfway between the IMF parities and central exchange rates on the one hand and the actual daily exchange rates on the markets on the other. The fact that agricultural expenditure is proportionally higher in countries with weak currencies imposes a net charge on the budget since expenditure in devalued currencies is financed and entered in the budget at the old parities.

This time the expenditure in question has hardly any connection with the common agricultural policy; it is mainly the result of the increasing obsolescence of the budget unit of account. The replacement of the current IMF parities by the "basket" unit of account in 1978 will, moreover, lead to the elimination of the major proportion of this expenditure without actually changing anything in the common agricultural policy. This clearly illustrates how legitimate it is to make a clear distinction between the cost of the common agricultural policy and that of the dual exchange rate. The opening of a new chapter (Chapter 47) in Title 4 of the Budget is intended to highlight this distinction. This somewhat complicates the comparison with previous financial years when the cost of the dual exchange rate was included in each budget entry, although the overall estimate for the Guarantee Section was given in the remarks on the total of Titles 6 and 7.

3. Finally, the Commission, in its concern to show the exact financial burden of the common agricultural policy, proposes to show the revenue from this policy, i.e., the levies paid by sugar producers and the levies on trade in agricultural products with non-member countries, immediately after the total expenditure of the Guarantee Section. The advantage of this layout - which in no way alters the principle of universality of own resources entered as revenues in the past - is that it clearly shows the net cost of the common agricultural policy.

4. Finally, as far as changes in presentation are concerned, it should be noted that the Commission has decided to discontinue the practice used for the first time for the 1975 Budget of entering 200 million u.a. for the readjustment of agricultural prices in Chapter 100 (ex Chapter 98). This provision is a political commitment on the part of the Commission to provide a contingency reserve for the consequences of its proposals for prices for the 1977-78 marketing year. This commitment by the Commission should be matched by a commitment on the part of the Budgetary Authority to provide revenue sufficient to finance all foreseeable expenditure at the time the Budget is adopted.

C. BASIC POLITICAL HYPOTHESES

The Commission will provide all the hypotheses for the underlying calculation for the budget appropriations allocated to each market organization in the supplementary letter on technical details to be sent in June. However, the Commission

does feel it should point out now the major policy options on which its preliminary draft agricultural budget is based.

1. The figure of 2.000 million u.a. for the milk and milk product sector is bound to seem surprising as it has not changed in relation to the appropriations for 1976. In fact, expenditure will be of the order of 2.400 million u.a. for a simple extension of the current milk policy into 1977; this is based on the average hypotheses of production, market outlets and the present trend in stocks. The figure of 2.000 million u.a. should therefore be seen as the policy objective proposed by the Commission to the Budgetary Authority; its achievement is dependent on the Council's decision (after consulting the European Parliament) on the proposals which the Commission is planning to submit in mid-June; these will mainly concern the joint responsibility of producers, encouraging farmers to change from milk to meat production and the promotion of the consumption of liquid milk on the farm.

2. The estimate of 550 million u.a. for the compensatory monetary amounts is based on the assumption that the Council will approve the Commission's proposal to readjust the green currencies at the beginning of the 1977-78 marketing year in order to align the actual exchange rates and the cost of the compensatory amounts.

3. This same hypothesis has obviously been used in the fixing of the cost of the dual exchange rate at 550 million u.a. This is also based on the condition that the measure adopted by the Council on 26 April 1976 to have the producer country bear the cost of the monetary compensatory amounts granted for the export of agricultural products to countries with depreciated currencies will be continued in 1977. The non-renewal of this decision will cost around 300 million u.a. more to the Community's Budget in 1977.

II. EXPENDITURE IN THE GUIDANCE SECTION

The Community's policy on agricultural structures is an indispensable accompaniment to its price policy, insofar as it helps raise farmers' incomes mainly through increased productivity and - in the particular case of hill and mountain farming and farming in other less-favoured areas - by direct income subsidies. An efficient common structural policy would enable rises in Community agricultural prices to be kept within limits, more acceptable to consumers, while at the same time ensuring that the other objectives assigned by Article 39 of

the Treaty to the common agricultural policy, particularly the objective of ensuring "a fair standard of living for the agricultural community" are achieved.

However, it must be admitted that although the agricultural market support policy is almost completely decided and financed by the Community this is not the case with the structural policy, as can be seen from the meagre appropriations allotted to the Guidance Section (325 million u.a.) as compared with the appropriations allotted to the Guarantee Section (5,230 million u.a.) and the entire public expenditure on agriculture - Community and national (14.291 million u.a. in 1975). This imbalance does not mean that there is no structural policy in the Community; it simply highlights the fact that this policy remains essentially the responsibility of the Member States, with all the risks that this brings: worsening of regional imbalances, of conditions of competition between producers and a lack of coordination with the Community's market policy (particularly, the formation of excess structural capacities).

1. JOINT SCHEMES

(a) 1972 Directives

The aim of the 1972 Directives to promote the modernization of farms, the cessation of farming and the vocational training of farmers is gradually to direct national structural policies towards the objectives defined at Community level, while at the same time ensuring a certain degree of financial solidarity via the intervention of the EAGGF Guidance Section.

The report on the application of these directives (COM/76/87 final), which the Commission published on 10 March 1976, reveals the serious delay in implementing the structural policy through these directives. This is illustrated by the fact that the requisite national legislation was not adopted until 1974 by France and 1975 by Italy, while the corresponding administrative measures were only taken in the following year; some still have not been implemented in Italy.

The Commission has therefore had to adjust downwards its initial estimates of expenditure for these three directives:

the total expenditure which was initially estimated in 1974 at 66,5 million u.a. for the following year, turned out to be only 4 million u.a. during the 1975 financial year. In 1976 the available appropriations were 41 million u.a., but the requests for reimbursement for expenditure during the previous year which the Member States must submit by 30 June will certainly fall well below this figure: the appropriations thus released should therefore be used for individual projects.

The Commission has not been inactive in the face of the difficulties which have delayed the commencement of implementation of the 1972 directives. The Commission has tried to supplement and reinforce them by asking the Council to adopt consequential directives concerning, primarily, guidance premiums for conversion to beef and veal production, regional differentiation of measures, premium rates and hill and mountain farming areas. The rate of intervention by the EAGGF Guidance Section in the directive on the cessation of farming has also been raised to 65% for less-favoured areas in Ireland and Italy. The Commission has also endeavoured, within the Standing Committee on Agricultural Structure, and with the assistance of the representatives of the Member States, to ensure the compatibility of national measures with the directives in as pragmatic a spirit as possible. Finally, the Commission has just proposed to the Council an increase in the ceiling of aid under the directives in order to adjust them to price trends in the Member States, so that the promotional nature of the directives is not jeopardized.

This means that, although the budget estimates for 1977 - the estimates being henceforth based on the expenditure communicated by the Member States for the previous year, i.e., 1976 - show a substantial reduction (from 41 in 1976 to 24 million u.a. in 1977), this is only an apparent reduction. Commitments for 1976 will be well down on the initial estimates, whereas all the appropriations for 1977 will certainly be used up.

(b) Directive on hill and mountain farming

The Community's policy on hill and mountain farming and farming in certain less-favoured areas is largely based on the objective of modernization of farms as defined by the 1972 directives in

respect of regional development and ecological balance. Directive 75/268 on hill and mountain farming and farming in less-favoured areas supplements and reinforces Directive 72/159 (modernization of farms) to a great extent with regard to its application in hill and mountain farming and less-favoured areas, and also encourages collective investments in production and processing, and investment in complementary non-agricultural sectors (tourism and craft industries). Finally, the Directive introduces compensatory aid to supplement the income of small farmers which is between ... u.a. per hectare per livestock unit (LSU) and ... u.a. per hectare or ... u.a. per LSU.

The Community's contribution towards hill and mountain farming and farming in less-favoured areas is not limited to the EAGGF Guidance Section, a proportion of the European Regional Development Fund being allocated to the financing of general infrastructures in these areas (150 million u.a. over three years). However, the Community's main effort is based on the EAGGF Guidance Section; this can be seen from the size of the appropriations for 1977 (74,3 million u.a.). According to the Member States' estimates, Directive 75/268 should be implemented very quickly, particularly in Italy and Ireland where the rate of reimbursement of national expenditure by the EAGGF, Guidance Section, has been increased from 25 to 35% to enable the Directive to be implemented effectively. The increase in appropriations (from 50 to 74,3 million u.a. in 1977) shows the accelerated implementation of Directive 75/268 on hill and mountain farming and farming in less-favoured areas, since the Community expenditure in 1977 concerns only the second year of application of the Directive (1976).

(c) Joint schemes in particular sectors

These mainly concern individual schemes designed to restore the balance of the market where it has been upset by excess structural capacities (wine, milk, hops, fruit and horticulture under glass) or where, on the other hand, Community production is to be developed (beef and veal). Certain agricultural studies designed to facilitate the introduction or amendment of the common agricultural policy are also involved.

These schemes also concern the conversion from milk to meat production (11 m u.a. in 1977) and the introduction of premiums for the grubbing of certain types of fruit tree and vine and the dismantling of greenhouses for which respectively 3,5, 4,3 and 8 million u.a. have been assigned for 1977.

A Commission proposal encouraging the non-marketing of milk products and which, in a different form, is an extension of the scheme on the conversion from milk to meat production is being studied by the Council.

(d) Individual projects integrated in common schemes

Although the individual projects have disappeared in their original form as laid down by Regulation 17/64, they do continue to exist under two proposals for joint schemes: the first concerns inshore fishing; the second has a more general bearing, as it concerns the improvement of agricultural structures and marketing. The proposal for a regulation of 28 November 1975 on inshore fishing concerns the restructuring of inshore fleets and crustacea and mollusc farms. This proposal encourages redundant fishermen to retire from fishing by the allocation of annual allowance over five years and provides various forms of aid; these mainly consist of capital grants for the scrapping of old vessels and the construction of new ones, and other supplementary investments. The individual scrapping and construction projects are eligible for assistance from the EAGGF, Guidance Section, to the amount entered in the Budget.

The proposal of 11 August 1975 for a regulation on the improvement of agricultural marketing and processing aims at granting assistance from the EAGGF, Guidance Section, of a maximum of 25% of the investment for public, semi-public and private investment projects which will enable the processing and marketing sectors to offer better prices to producers of basic products and to create a larger and more regular demand for agricultural products; finally, it

aims to facilitate the export and sale of agricultural products from distant regions in the Community. An annual allocation of 80 million u.a. has been entered in the 1977 Budget for this purpose.

2. SPECIAL MEASURES

Of the special measures which were generally decided before the adoption of Regulation 729/70, only those concerning the improvement of production and marketing in the citrus fruit sector (15 m u.a.) and which have been delayed will be allocated additional appropriations from 1977. No further expenditure will be incurred by the other measures in 1977.

3. INDIVIDUAL PROJECTS

Since there has been a marked increase in the appropriations assigned to the financing of joint schemes, the scope of individual schemes on the improvement of agricultural structures has been reduced; the sum assigned thereto in their budget is fixed under Article ... of Regulation 729/70 by the difference between 325 m u.a. and the appropriations allocated to joint schemes. They will therefore disappear from the budget of the Guidance Section from 1978, at least in their present form as laid down by Regulation 17/64. They will be reduced from 141,2 m u.a. in 1976 to 82,9 m u.a. in 1977. However, as mentioned above, they will continue to exist under certain joint schemes. This will be the case for all the individual projects on structural improvements in the marketing and selling of agricultural products and inshore fishing, once the Council has agreed to the Commission's proposals to integrate them in the specific joint schemes under Article 6 of Regulation 729/70. The Commission has decided to change its internal decision-making procedures with regard to individual schemes in order to ensure better coordination between agricultural structural policy and regional policy.

III. EXPENDITURE ON AGRONOMIC RESEARCH, VETERINARY PROJECTS AND THE FARM ACCOUNTANCY DATA NETWORK

The Community is gradually supplementing the instruments of the common agricultural policy by means of the operational appropriations allocated to agriculture in addition to the EAGGF.

It is planned under the veterinary projects to organize in the immediate future a Community campaign against foot-and-mouth disease, to be followed by a preventive programme within and outside the Community.

The aim of Community agricultural research is to eliminate duplication through the coordination and promotion of joint schemes where no initiative has been taken at a national level.

Finally, the collection and analysis of accounting data on farms will provide information which is vital to the pursuit of the common agricultural policy; the training of qualified staff to monitor EAGGF expenditure at the national level should enable the use of Community funds to be more strictly watched.

S O C I A L S E C T O R

I. THE EUROPEAN SOCIAL FUND

1. The general background to policy in 1977 - continuing unemployment despite the economic recovery

Trends on the labour market, based on likely developments in the economic situation in the next few months, indicate that the recovery will not solve all the unemployment problems currently faced by the Community. A policy of rationalization is very much in evidence throughout industry, which also has very large productivity reserves; the demand for labour will therefore remain low unless new investments are made. For this reason it is to be feared that there will be a relatively large hard core of unemployment for some time to come which will depend on the economic capacity of the Member States to overcome the present recession. The young and workers without qualifications or with qualifications which are inadequate or unsuited to demand are particularly threatened by this trend.

2. Main policy lines for 1977 - priority to the young and the regions

In 1977 the Social Fund will have to step up its contribution to overcome the following two main categories of obstacles to the training and mobility of labour:

- traditional structural weaknesses in employment; and
- employment imbalances remaining from the recent crisis.

As far as traditional structural weaknesses are concerned, increasingly specific and selective assistance will be called for, in conjunction with the Community's other financial instruments, in the campaign against unemployment and underemployment in backward or declining areas.

CHANGES IN APPROPRIATIONS FOR THE SOCIAL SECTOR

| CHAP. | Heading | 1976 | | 1977 | | Absolute increase col. 3 col. 1 | % | Absolute increase col. 4 col. 2 | % |
|-------|---|----------------------------|-------------------------|----------------------------|-------------------------|--|---------|--|---------|
| | | Approps. for commitment | Approps. for payment | Approps. for commitment | Approps. for payment | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | <u>TITLE 3</u> | | | | | | | | |
| | <u>SPECIFIC</u> | | | | | | | | |
| | <u>PROJECTS</u> | | | | | | | | |
| 30 | Social sector | 6.780.000 | 6.780.000 | 9.275.000 | 6.245.000 | + 2.495.000 | + 36,8 | 535.000 | 7,89 |
| 35 | Protection of man and his environment | 4.820.001 | 4.820.001 | 6.347.000 | 6.347.000 | + 1.526.999 | + 31,6 | + 1.526.999 | + 31,68 |
| | <u>TITLE 5</u> | | | | | | | | |
| | <u>SOCIAL AND</u> | | | | | | | | |
| | <u>REGIONAL FUNDS</u> | | | | | | | | |
| 50) | New Social Fund | 213.000.000 | 170.000.000 | 275.000.000 | 48.500.000 | + 62.000.000 | + 29,1 | 121.500.000 | 71,47 |
| 51) | | 305.000.000 | 270.000.000 | 343.000.000 | 123.500.000 | + 38.000.000 | + 12,4 | 146.500.000 | 54,26 |
| 52) | | 1.000.000 | 1.000.000 | 1.100.000 | 440.000 | + 100.000 | + 10,- | 560.000 | 56,- |
| 53) | Former Social Fund | token entry | token entry | token entry | token entry | - | - | - | - |
| 54) | | | | | | | | | |
| 59 | Aid to Community disaster victims | - | - | token entry | token entry | - | - | - | - |
| | TOTAL | 530.600.001 | 452.600.001 | 634.722.000 | 185.032.000 | + 104.121.999 | + 19,62 | 267.568.001 | 59,12 |
| | | | | | | | | | |

With regard to imbalances in employment, caused by the recession, it is the growing unemployment of young workers which, above all, necessitates an increase in Community assistance, as the Joint Council of Foreign and Finance Ministers confirmed at its meeting on 5 April 1976. The likely birth rate and structural changes clearly show that problems of the demands of training and mobility of the young will remain a major concern at least until the early 1980s.

The additional 100 million u.a. (appropriations for commitment) requested in the Community Budget seems quite justified in view of these facts. It represents an increase of 19% at current prices over 1976.

| | APPROPRIATIONS 1976 | APPROPRIATIONS FOR COMMITMENT | |
|---|------------------------|----------------------------------|-------|
| | | 1976 ¹ | 1977 |
| CHAPTER 50 Article 4 projects | 170,0 | 213,0 | 275 |
| 500 agricultural and textile sectors | 66,115 | 82,82 | 53 |
| 501 young people | 66,105 ² | 82,82 | 172 |
| 502 handicapped persons | 17,001 | 21,36 | 23 |
| 503 migrant workers | 20,779 | 26,00 | 27 |
| 504 anti-crisis | token entry | token entry | - |
| CHAPTER 51 Article 5 projects | 270,0 | 305,0 | 343 |
| 510 regions, technical progress and groups of companies | 241,071 | 272,32 | 310 |
| 511 handicapped persons | 28,929 | 32,68 | 33 |
| CHAPTER 52 Pilot schemes | 1,0 | 1,0 | 1,1 |
| TOTAL | 441,0 | 519,0 | 619,1 |

¹ The method used to calculate the equivalent commitment appropriations in respect of the Social Fund is described in detail in the Annex.

² After transfer of 28,325 million u.a. from Article 504 pursuant to Commission Decision of 24 March 1976.

3. Breakdown of appropriations by sector and category of recipients

It should be noted that almost all this increase (89 million u.a.) will be used for assistance to young people to meet the needs described above. This assistance will account for 28% of the total appropriations for commitment in 1977.

All the Social Fund's operations in the other sectors will therefore be practically allocated the same envelope as in 1976 (+ 11 million u.a. to cover them all). A distinction should, however, be made between operations to help backward or declining regions, appropriations for which have been increased (+ 11,4%), and operations to assist workers leaving agriculture, workers in the textiles industry, migrant or handicapped workers, appropriations for which remain the same or have even been reduced (agriculture and textile sectors) to the benefit of the operations to assist the young.

On the other hand, those benefiting from operations to help unemployed young people include, for instance, farmers and textile workers, which offsets the decrease in funds described above.

The priority accorded to youth projects fulfils a real need as can be seen from the fact that applications for assistance received by 1 March 1976 amounted to three times as much as available appropriations assigned to this type of operation in the 1976 budget (375 versus 66 million u.a. available).

Applications in respect of projects other than youth project received by the same date were two and one-half times as much as the available appropriations (375 versus 150 million u.a. available).

The trend on the labour market points to a continuing and even swelling flood of applications for assistance from the Social Fund.

4. Progress towards balancing Articles 4 and 5

The rapid rise in appropriations allocated to youth projects has another reason: a balance is being achieved between the appropriations for Article 4 (Operations under specific Community decisions) and

the appropriations for Article 5 (Operations as part of traditional national action) of the Decision on the reform of the Social Fund*.

The size of the "youth" appropriations shows that Article 4 accounts for 44,5% of the total appropriations for the Social Fund in 1977, compared to 39% in 1976. This trend is in keeping with the provisions of Article 9, whereby the greatest proportion of the appropriations should be allocated to operations under Article 4.

5. Pilot schemes and preparatory studies

The 10% increase in the appropriations for Chapter 52 (Pilot schemes and preparatory studies for Social Fund operations) will only enable the Social Fund's appropriations which are assigned for this purpose to be maintained at their 1976 level. The appropriations in this Chapter (1,1 million u.a.) represent less than 0,18% of the Social Fund's resources. Low as this is, it is completely justified by the need to continue experiments in the fields already covered and to help improve the quality of applications by means of a searching analysis of the effectiveness of assistance from the Social Fund.

Finally, no appropriations will be allocated to the former Social Fund in 1977, as in 1976, as its last operations were carried out in 1972 and the last applications for reimbursement will have been processed by 1976.

6. Review of the basic rules of the Social Fund

Article 11 of the Decision on the reform of the Social Fund provides for a review of this Decision by the Council before 1 May 1977. The review may result in the decision being amended on the basis of the Commission's new opinion which is based on Article 126 of the EEC Treaty. The Commission has undertaken the preparatory work for this opinion. The latter calls for greater efficiency in the operation of the current system particularly by speeding up payment of assistance approved by the Commission.

(*) Council Decision of 1 February 1971, OJ No L 28 of 4 February 1971, p. 15.

II - THE SOCIAL ACTION PROGRAMME AND OTHER SPECIFIC SOCIAL MEASURES

The expenditure entered under Chapter 30 for specific measures is separate from the Social Fund and is intended principally for the implementation of the priority measures outlined in the Council Resolution of 21 January 1974 on the Social Action Programme.

In the sphere of vocational training, the European Centre for the Development of Vocational Training will, in 1977, be running at cruising speed.

Independently of the effort to be made under the Social Fund to help unemployed young people, the operation to encourage exchanges of young workers pursuant to Article 50 of the EEC Treaty will be continued and extended in a new programme.

Following a sociological survey on the housing of migrant workers, the results of which will be sent to the Council in 1976, a programme of pilot schemes on the housing of migrant workers will be launched, while efforts devoted to the occupational rehabilitation of handicapped workers, particularly by eliminating architectural barriers to their mobility, will be continued.

The Council Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, will require special information and documentation.

The situation on the labour market is making it more necessary than ever to coordinate employment policies, in consultation with both sides of industry, particularly in the Standing Committee on Employment and the Tripartite Conferences (Ministers for the Economy, Ministers for Labour, both sides of industry, Commission). Consequently, the research and action programme on the labour market and also cooperation between the national employment services call for a very special effort.

It is intended also to launch the second stage of the programme to combat poverty.

Lastly, in 1977, a greater effort must be made regarding the European Trade Union Institute, which should be set up by the trade union organizations in 1976.

III - MEASURES FOR THE PROTECTION OF MAN AND HIS ENVIRONMENT

As the Community measures for the protection of man and those for the protection of the environment complement one another they are both included in Chapter 35. Nonetheless, there are several types of action: health protection, environmental protection, improvement of living and working conditions, consumer protection.

What is the Community doing in each of these spheres?

1. Health protection

In this sphere Community action is threefold:

- Protection against radioactivity. This operation, provided for by the Euratom Treaty, is particularly important in view of the increase in nuclear energy production in the Community. It goes from the definition of the fundamental standards to be respected in each Member State to the inspection of monitoring plants.
- Protection against the risks entailed by the growth of air, water and soil pollution and protection against noise: assessment of these risks, alignment of measurement methods, drafting of common rules, all in close liaison with the environmental policy (see below).
- Health and safety at work. This covers action to combat industrial accidents and occupational diseases; its importance and urgency need no further elucidation.

In this sphere the Commission is helped by the Advisory Committee on Safety, Hygiene and Health Protection at Work, set up by the Council in 1974.

Lastly, the Commission intends to venture into the as yet ill-explored, but increasingly vast sphere of social diseases (drug addiction, absenteeism etc.), where prevention rather than cure is involved.

2. Environmental protection

The Community's environmental policy, the importance of which was emphasized at the Paris Summit in October 1972 for which the Council approved objectives, principles and priority measures in November 1973, has been continually developing as regards both the definition of methodologies and practical achievements.

The three Council meetings held in 1974 and 1975 made it possible to complete and strengthen the measures approved in November 1973 and to define the outlines of new measures for future years.

A draft resolution designed to continue and implement an environmental policy and action programme was submitted to the Council on 24 March 1976.

The Community's environmental policy comprises three broad approaches:

1. Prevention and restriction of pollution and nuisance: waste accumulation, air pollution and water pollution, especially sea pollution.
2. The wise and provident management of resources, space and the natural environment.
3. Action at international level:
 - relations with industrialized non-member countries,
 - inclusion of information on the environment in the Community's projects concerning developing countries.
 - active participation in international conventions.

This entails primarily legislative work carried out in particular by means of directives. The ensuing financial consequences are felt mainly in the Member States, which in general apply the "polluter pays" principle to a large extent. The Community intervenes in this sphere by means of appropriations linked directly to the environmental policy (Articles 351 and 354) and also by appropriations related indirectly to this policy, but which are of no less importance nevertheless: research measures, certain operations financed by the Regional Fund, the EIB, etc.).

3. Improvement of living and working conditions

Community policy in this sphere will be backed up henceforth by the European Foundation for the Improvement of Living and Working Conditions, created by the Council in 1975. It came into operation in 1976 and will be at full strength in 1977. Its terms of reference border on the two preceding spheres. It will help the Community to define a medium and long-term policy in this field. For its part the Commission proposes undertaking direct action related to organizing and making work, particularly the most unpleasant jobs, more bearable.

4. Consumer protection

This is a special aspect of Community action and quite an important one in connection with the free movement of goods, one of the cornerstones of the Community.

The Community's consumer policy is designed to create and set up structures and machinery enabling consumers to protect themselves, defend their rights and keep themselves informed.

This policy was defined in a programme approved by the Council (Resolution of 14 April 1975). In implementing it, the Commission is helped by the Consumers' Advisory Committee. The legislation adopted by the Community in these spheres on the basis on this programme may have certain financial consequences in the Member States.

The expenditure envisaged under the Community Budget (420.000 u.a. under Article 350) is small compared to this sphere's importance and scope.

All in all the increase of 31,7% in the appropriations of this Chapter does not exaggerate the expansion of policies, the importance of which is gaining increasing recognition.

Historical Archives of the European Commission

THE REGIONAL SECTOR

1. The Regional Fund

The European Regional Development Fund was established in 1975 to help correct the regional imbalance in the Community by involving the latter in the financing of investments in industrial and service activities and in infrastructure projects in the Community's less-favoured regions. The sum of 1.300 million units of account was allocated to the Fund for a period of three years under Council Regulation (EEC) No 724/75 establishing a Regional Development Fund, within the limits of the following appropriations: 300 million u.a. in 1975, 500 million u.a. in 1976 and 500 million u.a. in 1977, in which year the Council, on a proposal from the Commission, will re-examine the Regulation establishing the Fund.

The Fund is designed to cure the most serious examples of imbalance likely to hamper the operation of the common market and to prevent progress towards European integration. The economic recession in recent years has demonstrated the need to strengthen the weaker regions of the Member States as they hinder the efforts made by national economies to combat cyclical trends.

In fact the stronger regions become, the more progress will be made by national economies and by Europe as a whole.

In line with this objective, the Fund's resources have been concentrated on those regions with the most serious problems: more than 90% of the assistance from the Fund goes to the Mezzogiorno, the UK development regions, the French farming regions, Ireland and Greenland. The areas and regions for which the Fund's assistance is requested must also be regions benefiting from State aid, and within these regions priority is given to investments which are assigned priority in the regional policy of the Member State concerned. Furthermore, when an application for assistance is examined, special attention is paid to the contribution which each project will make to the development of the regions concerned.

From 1977, projects receiving assistance from the Fund must be compatible with the regional programmes, and one of the fundamental objectives of the regional policy is the creation of productive jobs, by making productive investments with the assistance of the Fund and of the Community's other financial instruments, in those Community regions with the most serious imbalances.

TREND IN APPROPRIATIONS IN THE REGIONAL SECTOR

| Chap. | Heading | 1976 | | 1977 | | Increases in absolute terms $\frac{\text{col. 3}}{\text{col. 1}}$ | % | Increases in absolute terms $\frac{\text{col. 4}}{\text{col. 2}}$ | % |
|-------|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|---|---|---|--------|
| | | Appropriations for commitment | Appropriations for payment | Appropriations for commitment | Appropriations for payment | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | <u>TITLE 9 - REGIONAL & SOCIAL FUNDS</u> | | | | | | | | |
| 55 | REGIONAL FUND | 500.000.000 | 300.000.000 | 500.000.000 | 500.000.000 | - | - | +200.000.000 | +66,67 |

A principle which the Commission regards as important in administering the Fund is that it should be complementary. The funds placed at the disposal of the Member States should back up their national regional policies and allow them to devote more funds to them than would otherwise have been possible. Coming in addition to the resources already mobilized by the Member States, assistance from the Fund should therefore represent a new and fresh contribution to regional development.

However since the Regulation establishing the Fund allows the Member States to use the Fund's resources either as partial repayment for national regional aid, or in addition to its own national aid, the problem arises of how to determine to what extent the assistance of the Fund is complementary to national aid, when - as is generally the case - the repayment option is chosen.

It has proved particularly difficult to achieve this objective in a period of cut-backs in expenditure in the Member States. However the Commission is taking care to see that the rule of complementarity is applied and the Member States have, in general, taken measures to comply with this principle.

The Fund's resources (1.300 million u.a.) are small compared with the 2.250 million u.a. sought by the Commission in its proposal to the Council. However it represents an important factor in giving the Community a human face, to the extent that it aims at a net transfer of resources from the richest to the poorest regions in the Community.

This is one of the preconditions, underlined by Mr Tindemans in his Report on European Union, for an integrated economic and monetary union. A first step has therefore been taken. The operation of the Fund since mid-1975 has shown that the machinery for implementing the regional policy is working satisfactorily. In future, the objective must be to strengthen it, to increase the Fund's financial resources and to coordinate its operations with those of the Community's other financial instruments which affect regional development.

2. Financial aspects

The Fund came into operation in the second half of 1975, when the first applications for assistance were received from the Member States. Decisions on the commitment of the Fund's resources were taken in October and December 1975. Practically all the 300 million units of account allocated for 1975 - in fact: 299,8 million u.a. - were committed before the end of the year. This was achieved due to the standardization of procedures for the examination of applications by the Commission and also as a result of the good relations established between the Commission departments and the competent authorities in the Member States. Both these factors simplified the work of the Commission and accelerated the allocation of aid from the Fund.

Payments from the Fund to assist approved investments are effected pari passu with the investment expenditure of the national authorities.

The speed of these payments depends on the rapidity with which the Member States submit invoices for the payment of assistance from the Fund. Payments from the Fund in 1975 stood at 91 million u.a., as the first requests for payment were received only at the end of October 1975.

The appropriations for payment entered in the 1976 Budget stand at 300 million u.a. In approving this amount, the Council agreed that an additional amount could be envisaged should the applications for payment so justify.

The assessment of payments for 1977 is based principally on the Member States' estimates of payments' requirements in 1977, on the basis of the projects to be assisted in the second half of 1976 and in 1977, the estimate of payments being deduced by extrapolating for 1977 the payments' schedules drawn up by the Member States for '1975' and '1976' projects.

Historical Archives of the European Commission

THE RESEARCH, ENERGY, INDUSTRY AND TRANSPORT SECTOR

The Commission considers that greater efforts must be made at Community level regarding this sector, which accounts for only 2,3% of the 1976 budget appropriations. In spite of the efforts already made, particularly in the research sector, which are reflected in this preliminary draft budget, energy and industrial policies must receive greater attention in view of the important past and future decisions required as the Community must make fundamental choices in this sector.

The Commission has submitted important documents outlining the broad¹ guidelines to be followed in coming years to Council and Parliament.

The Commission's objective for the whole sector is to make the Community more self-sufficient, particularly as regards energy in the widest sense of the term. Consequently, the Commission will lay stress on the launching and continuation of projects likely to help this sector, paying due attention both to avoiding duplication of work and to conservation within the Community, as well as to the level of progress to be attained, particularly in the field of technology, in order to be competitive internationally.

The following analysis will deal with this sector, area by area.

¹ See in particular, Objectives, Priorities and Resources for a Common Research and Development Policy (doc. COM 75/535 final).

The Implementation of the Energy Policy Guidelines drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975 (doc. COM 76/20).

The Multiannual Programme of the Joint Research Centre (doc. COM 76/171 final).

TREND IN APPROPRIATIONS IN THE RESEARCH, ENERGY, INDUSTRY
AND TRANSPORT SECTORS

| CHAPTER | 1976 | | 1977 | | Increase in absolute terms col. 3 col. 1 | % | Increase in absolute terms col. 4 col. 2 | % |
|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|---|---------------|---|----------------|
| | Appropriations for commitment | Appropriations for payment | Appropriations for commitment | Appropriations for payment | | | | |
| | 1 | 2 | 3 | 4 | | 6 | 7 | 8 |
| TITLE 3 - SPECIFIC PROJECTS | | | | | | | | |
| 32 - Energy sector | 30.000.000 | 30.000.000 | 85.000.000 | 34.000.000 | + 55.000.000 | +183,33 | + 4.000.000 | + 13,33 |
| 33 - Research | 299.233.270 | 135.182.526 | 213.196.766 | 183.419.179 | - 86.036.504 | - 28,75 | + 48.236.653 | + 35,67 |
| 34 - Safeguards | 630.000 | 630.000 | 732.000 | 732.000 | + 102.000 | + 16,19 | + 102.000 | + 16,19 |
| 36 - Dissemination of knowledge | 3.370.000 | 3.370.000 | 4.952.000 | 2.853.000 | + 1.582.000 | + 46,97 | - 517.000 | - 15,34 |
| 37 - Industrial and transport sectors | 1.590.000 | 1.590.000 | 61.110.000 | 25.255.000 | + 59.520.000 | +3743,4 | + 23.675.000 | +1.489,7 |
| 39 - Other specific projects | | | | | | | | |
| • technology | 1.620.000 | 1.620.000 | 2.525.000 | 2.525.000 | + 905.000 | + 55,86 | + 905.000 | + 55,86 |
| • training | 600.000 | 600.000 | 1.000.000 | 1.000.000 | + 400.000 | + 66,67 | + 400.000 | + 66,67 |
| • cultural projects | token entry | token entry | 100.000 | 100.000 | + 100.000 | - | + 100.000 | - |
| TOTAL | 337.043.270 | 172.992.526 | 353.615.766 | 249.894.179 | + 31.572.496 | + 9,36 | +76.901.653 | + 44,45 |

Research sector

As the Commission announced in its communication to the Joint Council on 5 April 1976 (doc. COM(76)83 final), research efforts will be continued in 1977, focusing on the Community's major concerns in this area. Most of the operational appropriations will be earmarked for energy research, environmental policy and the nuclear sector.

To implement this policy, the Commission will act:

- by means of "direct action" administered at the Joint Research Centre, set up pursuant to Article 8 of the Euratom Treaty. The current programme now nearing completion will be replaced from 1 January 1977 by a new four-year programme which will take account of the new research policy guidelines to be followed within the Community, focusing on the following topics: Nuclear safety,
Future energy sources,
Environment and resources,
Measures, standards and reference techniques,
Services and back-up activities.

This programme also includes important specific investments as well as the indispensable replacement of certain general infrastructure equipment and facilities of the JRC, excessively neglected in recent Budgets;

- by means of "indirect action", i.e. research administered at the headquarters and carried out mainly through contracts with national research institutions, the Commission will continue its activities in the important sector of thermo-nuclear fusion, biology, the environment and reference materials and methods, projects which have been the subject of decisions on multiannual programmes at the Council meetings of 24 February, 15 March and 25 March 1975. As regards the fusion programme, special attention should be paid to the JET (Joint European Torus) project which is of fundamental importance in that it permits a study of plasma properties in a regime largely unexplored until now. When taking its decision on the fusion programme, the Council restricted implementation of this programme until a final financial decision had been taken on this project. Since this is due very soon, the preliminary draft Budget for 1977 outlines the financial implications of this project for this financial year (20,950 million u.a. in appropriations for payment), most of the appropriations for commitment having already been entered in the 1976 Budget.

Apart from these projects, there is also the important multiannual energy research programme adopted on 22 August 1975 (energy conservation, hydrogen production and utilization, solar energy, geothermal energy and systems analysis).

Furthermore, other measures which are also of great interest as regards energy and nuclear plant safety will either be continued, e.g. the "plutonium recycling programme" and the "management and storage of radioactive waste", or will be the subject of new proposals, e.g. "the implementation of the Council Resolution of 22 July 1975 on the safety of nuclear power plants" and "the reprocessing of irradiated fuels" and "the decommissioning of nuclear facilities".

For all direct and indirect action, appropriations to be entered under Chapter 33 will stand at 209,797 million u.a. in appropriations for commitment, with 180,019 million u.a. in appropriations for payment (excluding the EXIMBANK)¹.

Energy

The fundamental and permanent objective of the Community's policy in this field is to be as self-sufficient in energy as possible. With this objective in view, and in accordance with the guidelines adopted by the European Council on 1 and 2 December 1975, the Commission proposes to continue its efforts to implement this policy (see doc. COM(76)20).

Thus, the quest for new energy resources will be continued and stepped up: backing for technological development projects in the hydrocarbons sector and for deep-sea hydrocarbons exploration in particularly difficult conditions, uranium prospecting in the Community.

¹ The appropriations for such intervention are entered in Chapter 33 of the Budget, and the details are set out in the Statement of expenditure relating to research and investment activities (Annex I to Section III - Commission - of the Budget of the European Communities) (Volume V of the preliminary draft Budget).

Taking into account the introduction of appropriations for commitment, the total financial implications in appropriations for payment for these three types of intervention can be limited to 34 million u.a., with 85 million u.a. in appropriations for commitment.

In addition to implementing joint hydrocarbon exploration projects, the expenditure resulting from the continuation of two series of projects already approved by the Council, pursuant to Regulation No 3056/73, must be met, and appropriations must be provided for a third series of projects. Once the project in the uranium prospecting sector has been launched, operations will continue in 1977 with a view to guaranteeing the security of supplies in this field.

Mention must be made of a new massive operation, i.e. the proposed financial intervention by the Community in the coal storage sector. This operation was brought to the attention of the Joint Council of 5 April 1976; the objective of maintaining coal production which the Community has set itself will help prevent short-term economic fluctuations from worsening the financial situation of coal undertakings. The Commission therefore proposes that the Community should intervene to alleviate the excessive stockpiling burden entailed by the short-term reduction in coal demand. The arrangements for intervention of this kind have not yet been defined and require more detailed examination. This is why the Commission is currently requesting only a "token entry" under Article 322.

Lastly, the Commission has once again provided for the creation of a Budget heading for "Euratom loans" on which a basic decision should be taken soon, as should a first implementing decision of the Council authorizing the Commission to contract loans on behalf of the European Atomic Energy Community, the proceeds of which would be used, in the form of loans, to finance investment projects relating to the industrial production of nuclear electricity and industrial fuel cycle plants.

As far as energy policy is concerned, the floating of this loan will constitute a decisive step towards effective Community intervention in this field, enabling capital - which could not otherwise have been used - to be mobilized for the benefit of the producers concerned on the best possible terms. The nuclear sector as a whole will thus be encouraged to continue its efforts to produce nuclear electricity.

Despite the general reservations which must be expressed at the forecasting stage with regard to such operations, the annual volume of "Euratom loans" - as indicated by the Commission in its report on loan policy (Doc. COM(76)111 of 17 March 1976) - can be expected to total some 500 m u.a. per annum.

Industry and transport

The biggest expansion in 1977 is in this field, basically because of the progressive launching of a substantial industrial policy, particularly in the aircraft and data-processing industries, which will be allocated fairly extensive appropriations for commitment and payment, although the new transport industry project, the principle of which has been announced, will not be allocated operational appropriations at this stage.

Regarding the priority measures in the data-processing industry, it should be remembered first of all that the Commission's aim, as expressed in its two proposals to the Council following the Council Resolution of 14 July 1974 on the improvement of competition in the data-processing industry, (a decision will be taken on the first of these in the near future) is to promote research in this sector and to remove technical barriers to the exchange of data within the Community in order to provide a wider market for Community industries. These two series of operations will require 24,785 m u.a. in appropriations for commitment and 9,084 m u.a. in appropriations for payment.

In its communication to the Council of 1 October 1975 (Doc. COM(75)475), the Commission outlined its common aircraft policy which should in the future ensure the coordination and harmonious development of activities in the industry and progressively take the place of national aids. Community subsidies should not be granted in addition to national aid but should replace it according to a procedure which has yet to be worked out but which will be progressive.

Studies in this area have now reached a stage where it has become possible to make an initial financial assessment, as a result of the contacts established with the various bodies involved in the Member States.

A distinction should be made here between the basic research which has to be carried out in order to extend and improve present technologies and the aids to the aircraft industry which include joint financing of a civil airbus programme. The Commission puts expenditure on research at 8 m u.a. in appropriations for payment with 20 m u.a. in appropriations for commitment (Item 3710), while a total of 8 m u.a. in appropriations for payment and 16 m u.a. in appropriations for commitment will be required in 1977 as an initial amount to get the progressive financial involvement of the Community in the aircraft industry under way. It should be mentioned here that these projects would require an investment of some 400 m u.a. over five years. Initially, therefore, Community aid would represent 20% of national aid envisaged under this heading.

There are plans for a number of other industrial projects, including the continuation of the projects in the textiles sector provided for in the 1976 Budget and a new project in the shoe industry to promote collective research with the aim of helping to adapt production techniques in the industry to present technical possibilities.

It should also be mentioned that the Commission is planning to send a communication to the Council shortly concerning a project to coordinate infrastructure investments in the transport industry. It intends to propose a Community support programme of interest subsidies and rebates to one or more transport infrastructure projects of wide European significance. This would help the progressive development of a Community transport network capable of meeting the needs of Economic Union and society in general at the lowest cost to the taxpayer.

Making financial resources available to the Community will make it possible to carry out a substantial operation as regards coordinating infrastructure investment.

As it is impossible at present to quantify the financial implications, the Commission will confine itself to requesting a "token entry" (Article 373).

Lastly, it should be pointed out that, on the basis of the Council Resolution of 28 May 1969 on the adaptation to technical progress of the directives concerning the removal of technical barriers to trade, the Commission recommends that a new measure be established providing for the permanent adaptation to technical progress of technical regulations governing the manufacture of cars and that work in this field be coordinated. For the present the Commission is confining itself to requesting a new budget heading (Article 374) with a token entry.

In conclusion, as regards the industrial and transport sectors grouped under Chapter 37, provision is to be made for a total of 25,265 m u.a. in appropriations for payment in 1977 with 61,1 m u.a. in appropriations for commitment. This is a significant increase in relation to appropriations for 1976 which amount to 1,590 m u.a. It is accounted for by the expressed resolve of the Commission to launch, in the near future, a wide-ranging industrial policy, the pressing need for which is increasingly felt.

Science, education and culture

Chapter 39 groups a series of important activities in the field of science, education and culture.

With regard to scientific and technological policy, it is a matter of preparing new research programmes and implementing concerted operations intended to bring about cooperation at Community level in some specific research areas.

To these must be added new activities in the educational field based on the Resolution of the Council and the Ministers of Education of 9 February 1976 and in particular an operation connected with preparing young people for their working life. Lastly, the launching of a cultural project based on the Resolution of the European Parliament of 13 May 1974 and 8 March 1976 should be mentioned.

The total appropriations allocated to projects in this field are 3,625 m. u.a. compared with 2,220 m u.a. in 1976.

Scientific and technical information

The Commission will continue the three-year project on scientific and technical information and documentation (STID) in 1977.

This project is reviewed by CREST every year and covers sectoral information systems, the setting up of the telecommunications network (EURONET), the technology and methodology of information and the promotion of the training of specialists and the instruction of users on the subject of scientific and technical information. This will be the second year of its implementation; projects already started are due to be completed in 1977 as technical studies in this field are being accelerated.

Two new projects should be mentioned: the projects on the assessment and utilization of research findings (Item 3611) comes under the guidelines submitted to the Council on 15 December 1975 (Objectives, Priorities and Resources for a Common Research and Development Policy) while the supplementary activities under the three-year project stem from the extension of the project. The automatic translation system which is planned will bring substantial advantages in this sector in the future.

Safeguards

The Commission will continue its task in this field in 1977 in the light of the outside commitments it has undertaken with non-member countries and international organizations particularly under the Verification Agreement concluded with the IAEA in Vienna. The total appropriations in this sector will be increased from 0,630 m u.a. in 1976 to 0,732 m u.a. in 1977.

THE DEVELOPMENT COOPERATION SECTOR

From now on the Community's development and cooperation policy will be of cardinal value in the context of establishing a new world economic order and reorganizing international trade and in the emergence and development of a new form of relationship between developing and industrialized countries, not only in the economic sphere but also in political, social and cultural affairs. The basic principle guiding the policy is that of complementarity and interdependence with independence between the economies of the industrialized nations, well endowed with technology and processing facilities, but low on raw materials, and the economies of the developing countries some of which possess substantial wealth in commodities but are still unable to use it to fuel their economic development because they lack adequate technological resources, a minimal industrial infrastructure and reliable outlets for their exports at fair and stable prices, while others have no natural resources and are therefore even more vulnerable to the swings of the international economy and the rising prices of commodities and processed products.

The Community budget needs must reflect this policy and its development. The Commission feels that all the aid to non-member countries must be financed from the Community's own resources. The form and content of Title 9 of the preliminary draft of the 1977 Budget, which covers expenditure on cooperation, conform with this view.

Policy of aid to the ACP countries

When the Lomé Convention was signed - it came into force on 1 April 1976 - the Member States agreed that the EDF appropriations should eventually go into the Budget, even if this was not immediately possible, since as a result of the difficulties encountered, largely technical in nature, the same financial framework was retained for the Fourth EDF as had been used for the Third EDF.

This Budget must therefore have in it provision for accommodating the appropriations of the Fifth EDF (which will come into operation, and take over from the Fourth Fund in 1980). For this purpose, two Chapters have been set aside to cover all Community financial aid, other than EIB loans, to the African, Pacific and Caribbean countries.

Food aid policy

As in the past, so in 1977, food aid will be the mainstay of assistance via the Budget to the developing countries.

The Community's food aid policy is unchanged: the aim is to enable the developing countries which are suffering from a serious food deficit to make it up, at least partially, by means of donated supplies of the foods they most sorely need.

CHANGES IN APPROPRIATIONS IN THE DEVELOPMENT COOPERATION SECTOR

| Chap. | Heading | 1976 | | 1977 | | Absolute increase col. 3 col. 1 | % | Absolute increase col. 4 col. 2 | % |
|-------|---|----------------------------------|-------------------------------|----------------------------------|-------------------------------|--|---------|--|--------|
| | | Appropriations for commitment | Appropriations for payment | Appropriations for commitment | Appropriations for payment | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | TITLE 4 COOPERATION WITH DEVELOPING COUNTRIES AND NON-MEMBER COUNTRIES | | | | | | | | |
| 90 | (Chapters reserved | | | | | | | | |
| 91 | (for the EDF | | | | | | | | |
| 92 | FOOD AID | 249.000.000 | 249.000.000 | 310.000.000 | 310.000.000 | + 61.000.000 | + 24,50 | + 61.000.000 | +24,50 |
| 93 | COOPERATION WITH NON-ASSOCIATED DEVELOPING COUNTRIES | 24.600.000 | 24.600.000 | 125.400.000 | 44.900.000 | +100.800.000 | +409,76 | + 20.300.000 | +82,52 |
| 94 | PROJECTS WITH DEVELOPING COUNTRIES | 7.390.750 | 7.390.750 | 11.232.900 | 8.732.900 | + 3.912.150 | + 53,44 | + 1.412.150 | +19,29 |
| 95 | CONTINGENCY PROJECTS | 600.000 | 600.000 | 1.000.000 | 1.000.000 | + 400.000 | + 66,67 | + 400.000 | +66,67 |
| 96 | AID TO NON-MEMBER COUNTRIES | 12.000.000 | 12.000.000 | 38.000.000 | 18.000.000 | + 26.000.000 | +216,67 | + 6.000.000 | +50,- |
| | TOTAL | 293.520.750 | 293.520.750 | 485.632.900 | 382.632.900 | +192.112.150 | +65,45 | + 89.112.150 | +30,36 |
| | | | | | | | | | |

Most aid goes to the poorest countries whether they are associated or not. Products supplied are cereals, mainly wheat and rice (1.128.700 t), skimmed-milk powder (150.000 t), butteroil (45.000 t) and sugar (10.000 t). The Commission proposes to widen the range and include other foods with a high protein content such as dried fish, powdered eggs or industrially processed products of cereal. Food aid is supplied either directly to the recipient countries or via international organizations like the International Committee of the Red Cross (ICRC), the United Nations International Children's Emergency Fund (UNICEF), the United Nations Relief and Works Agency for Palestinian refugees (UNRWA), the World Food Programme (WFP), etc.

Direct aid to recipients takes two forms:

- normal aid which consists, in principle, of selling the product on the local market or to the food industry. The proceeds are entered into a special account (counterpart funds) and allocated to development projects aimed mainly at improving food production;
- emergency aid, the purpose of which is to succour people stricken by natural disasters or armed conflict. This aid is distributed free of charge, sometimes after processing. Aid from international bodies is usually for disaster victims or certain categories of people (e.g., refugees, women, children).

Food aid is currently provided on the basis of annual programmes decided by the Council. The Commission considers that multiannual programmes would improve the management of Community resources and produce better planning in the recipient States and consequently boost the capacity to make use of the products supplied by the Community.

The cost of food aid, qua food aid, amounts in 1977 to 310.000.000 u.a. as against 249.000.000 u.a. in 1976¹, a figure which will rise to 290.000.000 u.a. with the Supplementary Budget to finance additional aid involving 95.000 t of milk powder.

Policy for aid to non-associated developing countries

The first goal of the Community effort will be to finance action (projects and programmes) concerning agricultural development and food in the non-associated developing countries, especially the poorest of those in Latin America and Asia. Substantial appropriations are also planned to foster trade relations between the Community and the non-associated developing countries and encourage efforts towards regional or sub-regional integration between developing countries. The accent has been clearly put on action to make the developing countries less dependent for food on external aid. Concurrently, the Community intends to foster and boost trade between it and the developing countries and between those countries themselves. In every instance, the aim is to raise the economic, and hence the political, independence of the recipient states. The figure entered in the budget tallies with the proposals already presented by the Commission to the Council.

¹ Sum of 206.600.000 u.a. entered in the budget + 42.400.000 u.a. transferred from the EAGGF Guarantee Section.

Specific financial and technical cooperation projects with the developing countries

These projects, small in scale but significant, support and complement the major policies for the benefit of the associated and non-associated developing countries. The most important are the Community's contribution in kind to implement UNRWA's supplementary nutrition programme for particularly vulnerable Palestinian refugees (children, old people and the sick) and assistance for cooperation projects with the developing countries carried out by non-governmental organizations (NGOs), especially on the rural, social, training and health side.

Contingency projects for the benefit of developing and non-member countries

As in the past, the Community must be in a position to bring swift and effective assistance to people overtaken by natural or economic disasters. Although there is apparently no need to plan a repeat of a project like the United Nations Emergency Operation, the Commission feels that an adequate appropriation (1 000 000 u.a.) must be provided for emergency action to help the population of developing countries and non-member countries hit by disasters.

Aid to non-member countries

As part of the overall Mediterranean approach, the Community is preparing to add a further package of projects to its already tested policy to help developing countries and to the embryonic world cooperation policy. The foundations were laid by the Agreements with Malta and the Maghreb countries signed in 1976, Agreements with substantial financial provisions. Apart from loans granted by the EIB out of its own funds, the Financial Protocols provide for grants and for loans on special terms which are to come out of the Community budget. To this financial assistance will be added similar projects in favour of other Mediterranean countries: the Maghreb countries, Greece, Turkey and Cyprus.

The initial commitments in respect of the aids already decided upon will in all probability be made in the financial year 1977: a budget entry therefore had to be included for this purpose. But no appropriation for payment is provided under the 1977 Budget, since the Commission has undertaken not to budgetize external aid appropriations until 1 January 1978. For 1977, the relevant item will be marked "token entry". If payments, of necessity very limited (estimated not to exceed 500.000 u.a.) must be made in 1977, this will be done provisionally in national currency, from the Commission's cash resources and then charged to the appropriations for payment for the financial year 1978. The Council and Parliament are formally requested to approve this method as part of the process by which the 1977 Budget is drawn up.

Lastly, it should be noted that the financial year 1977 will see completion of the second instalment of emergency aid to Portugal decided by the Council in 1975.

REIMBURSEMENT, AID TO MEMBER STATES AND OTHER EXPENDITURE

This area of the Budget (see table on following page) is of mixed composition, comprising various Budget entries which are not related to the major policies of the Community as set out on the preceding pages. So, in rearranging the nomenclature proposed for 1977, these unrelated entries are grouped under the new Title 4 of the Preliminary Draft Budget.

The entries are intended to cover the following expenditure:

Application of the "correcting mechanism"

During the process of convergence of the Member States' economies, an allowance, charged to the Budget of the Communities is planned for Member States whose economy would carry a burden in the financing of the Community Budget not commensurate with its particular situation.

The principle of this was decided upon by the Heads of Government in Paris on 10 December 1974 and Dublin 11 March 1975. On 17 May 1976, the Council of Ministers adopted Regulation No EEC(76)1172 enacting specific provisions on the subject.

For the time being, this line in the budget is marked "token entry" for 1977 (on the grounds set out in Part II of this Introduction).

REPAYMENTS AND AIDS TO MEMBER STATES AND OTHER EXPENDITURE

| CHAP. | Heading | 1976 | | 1977 | | Absolute increase col. 3 col. 1 | % | Absolute increase col. 4 col. 2 | % |
|-------|--|----------------------------------|-------------------------------|----------------------------------|-------------------------------|--|---------|--|---------|
| | | Appropriations for commitment | Appropriations for payment | Appropriations for commitment | Appropriations for payment | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | TITLE 4 | | | | | | | | |
| | REPAYMENTS AND AIDS TO MEMBER STATES AND OTHER EXPENDITURE | | | | | | | | |
| 41 | APPLICATION OF CORRECTING MECHANISM | - | - | token entry | token entry | | | | |
| 42 | COMMUNITY LOANS | token entry | token entry | token entry | token entry | | | | |
| 47 | APPLICATION OF DIFFERING RATES OF EXCHANGE IN THE EAGGF, GUARANTEE SECTION | 320.000.000 | 320.000.000 | 550.000.000 | 550.000.000 | + 230.000.000 | +71,88 | +230.000.000 | +71,88 |
| 48 | EXCHANGES LOSSES | token entry | token entry | token entry | token entry | | | | |
| 49 | EEB | - | - | 100.000.000 | 100.000.000 | + 100.000.000 | | +100.000.000 | |
| | TOTAL | 320.000.000 | 320.000.000 | 650.000.000 | 650.000.000 | + 330.000.000 | +103,13 | +330.000.000 | +130,13 |
| | | | | | | | | | |

Community loans

The Commission has declared that loans and borrowings should be included in the Budget. Here it followed the line taken by the European Parliament on several occasions¹. It was on the initiative of Parliament that "token entries" were included in the 1976 Budget for Euratom and Community loans.

In the preliminary draft of the 1977 Budget, the Commission acts on its proposal to insert "token entries" for each major category of loan, thus following the approach it had mapped out in accordance with its statements to the Budgetary Authority and its proposal to revise the Financial Regulation recently sent to the Council and Parliament.

The "token entry" for the operations thus contemplated allows for their special nature. They are not loans of the classical kind, usually found in national budgets and intended for the direct financing of public expenditure. Since these are self-liquidating transactions ("blank operations") which must meet demand from potential recipients as appropriately as possible, the Community is obliged to utilize highly flexible methods, given the requirements for implementing its loan policy. This policy, which requires almost instant availability, cannot thus lend itself easily to rigid forecasting.

As regards this policy, the Commission would reaffirm the principles set out in its Report on the Loan Policy of the European Communities (Doc. COM(76) 111). Within the Community Budget, two categories of loans or borrowings are concerned, namely:

- "Euratom loans" for the financing of nuclear power stations (Articles 329 of the List of expenditure and 944 of the List of revenue in the Commission Section - see page 44 for further particulars);
- "Community loans" (Chapter 42 of the List of expenditure and Article 945 of the List of revenue in the Commission Section). The Community's action to raise loan capital was mainly prompted by the need to assist certain Member States to overcome balance-of-payments difficulties caused by the rise in oil prices. This is therefore a temporary measure.

¹ See the report by Mr Cointat on the interinstitutional dialogue on certain budgetary questions Doc. 97/76 of the European Parliament of 10 May 1976.

On 17. February 1975, two Regulations were adopted to this end. They contain, in substance, the following provisions:

- the Community may carry out fund-raising operations either directly with non-member countries and financial institutions or on capital markets;
- authorized loan transactions are limited to the equivalent, in European units of account, of US \$3.000 million, and the average term of loans must not be less than five years;
- each loan transaction for the benefit of a Member State is conditional on that State applying economic policy measures to restore its balance of payments;
- these operations must be self-liquidating ("blank") i.e. lending and borrowing must be on the same conditions;
- to ensure that the Community debt, principal and interest, can be made good at any time, the Member States have agreed to guarantee arrangements by which they can supply the funds the Community needs.

Following the Council Decision of 15 March 1976, adopted under the basic Regulations, the Community has contracted a series of loans for sums equivalent to US \$1.300 million. Of the proceeds, 10/13ths i.e. US \$1.000 million, have been set aside for Italy and 3/13ths, US \$300.000 have been allocated to Ireland.

Besides the remarks on the budgetary items concerned, reference should be made to the document annexed to the Commission Section, which outlines lending and borrowing operations.

Application of differing exchange rates in the EAGGF Guarantee Section

The use of differing rates of exchange, i.e.:

- (a) "representative rates" to convert sums expressed in u.a. under the common agricultural policy into national currencies,
- (b) "budgetary rates" (based on the IMF parities), to convert expenditure made in national currencies, at budgetary level,

now entails additional expenditure, which appreciably swells the volume of budget appropriations under Titles 6 and 7 (EAGGF Guarantee Section).

To show the real cost of agricultural policy more clearly, the Commission considers it advisable to illustrate in detail, outside Titles 6 and 7, the effect of this "dual rate of exchange" and this is presented in the new Chapter 47.

Exchange losses

Chapter 48 is included for the first time in the preliminary draft of the 1977 Budget, replacing the old Item 2321. This expenditure is not actually administrative outlay, for it reflects the results of the entire financial execution of the Budget.

At the start, meaning when the Budget was drawn up, Chapter 48 was not given any appropriations, in pursuance of the principle of Article 22 of the Financial Regulation (which provides for the offsetting of profits and losses on exchange). But if losses exceed profits, this Item will have to be funded by transfers and this may well raise problems, depending on the size of the losses.

The European Export Bank (EEB)

On 17 February 1976, the Commission proposed that the Council adopt a Regulation establishing a European Export Bank. The Commission was prompted to make this proposal when it found that the existing instruments in the Member States did not ensure that multinational export contracts were properly and most advantageously financed and guaranteed, and that a Community instrument was needed which could facilitate exports of capital goods and services to non-member countries by companies in two or more Member States.

The Commission feels that an appropriation of 100.000.000 u.a. should be provided in the 1977 Budget, as an initial contribution to the capital of the EEB to enable the Bank to begin lending without delay.

OPERATING APPROPRIATIONS

The appropriations in this area represent some 4.25% of all the appropriations in the General Budget. The share of each sector in this area is as follows:

| Area | Share of the total General Budget | | Share of the total for the administra- tive sector | |
|--------------------------------------|--------------------------------------|-------|--|--------|
| | 1976 | 1977 | 1976 | 1977 |
| <u>A. Administrative expenditure</u> | | | | |
| 1. Staff | 3,21% | 2,96% | 69,95% | 69,72% |
| 2. Administration | 1,02% | 0,95% | 22,34% | 22,34% |
| sub-total | 4,23% | 3,91% | 92,29% | 92,06% |
| <u>B. Other expenditure</u> | | | | |
| 1. Information | 0,08% | 0,08% | 1,83% | 1,97% |
| 2. Aid and subsidies | 0,27% | 0,25% | 5,88% | 5,97% |
| sub-total | 0,35% | 0,34% | 7,71% | 7,94% |
| Total | 4,58% | 4,25% | 100% | 100% |

In working out the estimated appropriations for administrative operating expenditure, the Commission has adhered to the policy of austerity demanded by public finance in the Community. The special effort here is seen in the minimal increases in many items - and some have even been reduced compared with 1976.

It is once again worth while to mention the increasing weight, within the administrative operating appropriations, of the requirements of safety and security measures in the various buildings and the constraints of multilingualism.

The Table below gives an overall view of the trend of appropriations which come under administration in the broadest sense of the word:

| CHANGES IN OPERATING APPROPRIATIONS | | | | |
|---|---------------------|----------------|--------------------------------|---------|
| Budget reference | Appropriations 1976 | Estimates 1977 | Difference between 1976 & 1977 | |
| | | | in u.a. | % |
| (a) <u>Operating expenditure</u> | | | | |
| 1. Staff (Title 1) | 242.860.542 | 274.328.900 | + 31.468.358 | + 12,96 |
| 2. Administration (Chapters 21 to 27 except Articles included in (b)1 below) | 77.577.107 | 87.889.300 | + 10.312.193 | + 13,29 |
| sub-total(a) | 320.437.649 | 362.218.200 | + 41.780.551 | + 13,04 |
| (b) <u>Other expenditure</u> | | | | |
| 1. Information (Articles 254, 272 and 273) | 6.340.000 | 7.766.000 | + 1.426.000 | + 22,49 |
| 2. Subsidies and contributions (Chapters 28 and 29) | 20.414.401 | 23.476.700 | + 3.062.299 | + 15,- |
| sub-total(b) | 26.754.401 | 31.242.700 | + 4.488.299 | + 16,78 |
| TOTAL | 347.192.050 | 393.460.900 | + 46.268.850 | + 13,33 |

Each of the above sectors is summarily analysed in the following pages.

1. Expenditure on staff

(a) Additional staff requested for 1977

In an attempt to cut down on spending the Commission has, as in 1976, limited its requests for new posts. For this reason it has decided to concentrate on certain priority sectors despite the general increase in its overall workload. It considers that priority should be given to the following sectors:

- External relations (DG I, DG VIII)
- Budget and financial control (DG XIX, DG XX)
- Activities constituting Community services of general interest (medical service, Computer Centre, SOEC)
- Linguistic language problems within the departments and management of the Community Funds.

All the Commission's requests have been examined in depth by ad hoc working parties.

There are in addition certain specific requirements for the creation of new posts and the conversion of posts which the Commission considers essential for 1977. These include:

- a number of permanent posts for the Office for Official Publications;
- a number of temporary posts for the opening of negotiations with Greece;
- a number of posts to start regularizing the situation of Commission employees in the ACP countries;
- a number of temporary posts for the operation of the Computer Centre and the setting-up of EURONET.

A total of 342 permanent posts (39 A, 92 B, 142 C, 15 D and 54 LA) and 66 temporary posts (17 A, 15 B, 24 C and 10 LA) has been requested.

Lastly, the Commission has requested that 34 category A posts be created to allow for secondment of officials to the ACP countries.

These posts will, however, not be entered in the list of staff but will be created pro forma, and will not involve any new appropriations.

(1) External relations

(a) Requirements of the DGs for External Relations and Development (14 A, 7 B, 15 C and 3 D)

The very marked increase in external relations activities makes it essential to strengthen the staff of the Directorate-General for External Relations. Requirements have been critically assessed on the basis of the conclusions of the working party set up to study the organization, structure and operation of the DG in question.

Further posts are also necessary owing to staff requirements resulting from the Lomé Convention and the agreements with the Maghreb countries. These include posts which the Commission did not receive under the 1976 Budget and posts in connection with the forthcoming opening of the external offices in the Maghreb countries.

(b) Negotiations with Greece (10 LA, 5 C temporaries)

Ten new LA posts and the necessary secretarial support, i.e., five C posts, will be needed for the revision of "secondary legislation" translations. These posts will be temporary and will be created for the duration of the negotiations.

(c) Commission Delegations in the ACP countries (10 A temporaries)

Given the change in the function and purpose of Commission staff in the ACP States due to the provisions of Article 31 of Protocol No 2 to the Lomé Convention, the Commission has decided to request ten temporary Category A posts to start regularizing their situation. The request will be made for temporary posts, as the Commission is to carry out an in-depth study of the situation in respect of the Staff Regulations.

(d) Secondments to ACP countries (34 A)

The Commission has requested 34 Category A posts to allow for secondment of officials to the ACP countries. It would, however, stress that these posts will be created pro forma, will not under any circumstances be used for additional recruitment and will not be assigned any budgetary appropriations. This is simply an administrative measure to comply with the provisions laid down in the Staff Regulations in respect of such secondments.

(2) Budgetary and financial control activities (5 A, 6 B and 7 C)

The posts are necessary for budgetary and financial control (DG XIX and DG XX). The Directorate-General for Budgets, needs more staff, firstly to enable it to play a greater part in the management of the Community funds (budgets department) and secondly to carry out the work involved in setting up the Parliamentary Public Accounts Committee and in the forthcoming establishment of the Court of Auditors.

For the financial control sector, new staff are required mainly for the work connected with the operation of the new EDF Auditing System.

(3) New activities; expanding activities (10 A)

These posts are mainly for the sectors in respect of which concrete proposals are already before the Council and where there must be an element of continuity pending the final decision and the implementation of the different operations. The sectors are environment and consumer protection, the customs union and fisheries policy, and economic and financial affairs.

(4) Services of general interest

(a) Permanent posts (10 A, 27 B, 31 C)

One post has been requested for the Joint Medical Service at Luxembourg and a number of posts for the Computer Centre, to ensure optimum utilization of the computers, and for the Statistical Office, to carry out the statistical programmes planned for 1977, 1978 and 1979.

The increase in the volume of work of both bodies is due not only to the increased workload of the other Commission departments but also to Council decisions on activities of community interest. These decisions cannot be implemented unless new posts are created.

(b) Temporary posts for the Computer Centre

(7 A, 15 B, 19 C temporary posts)

The Commission has requested a number of temporary posts for the Centre for two specific assignments. The invitation to tender for the new computer has been issued and the computer should be installed in 1977. This means that for a certain period there will be three computers in operation at the Centre, and temporary staff must be available to ensure that they are fully utilized during the overlap period. The Council has also decided to set up the EURONET system, and work on installing the computer will begin towards the end of 1976.

(5) Language problems and management of the Community funds

(47 B, 85 C, 12 D and 54 LA)

The posts requested under this heading fall into two groups: posts for the language services, and posts for other departments where the problems caused by the larger number of languages and by the extremely short deadlines which are imposed make an increase in the number of B and C posts - executive staff - essential if the Community Funds are to operate smoothly and be promptly and efficiently administered.

Given the scarcity of vacant posts (very few B posts and no C posts), the Commission is faced with ever more serious internal organizational problems and with decisions as to priorities which are already having an adverse effect on the operation of the departments concerned.

(6) Conversion of posts

The Commission considers it necessary to make certain changes (conversions and reclassifications) to bring its establishment plan into line with the changing pattern of work. The aim is to:

- continue the policy of extending career prospects for secretarial staff in accordance with the Staff Regulations. Thirteen temporary C posts would be upgraded to temporary B's to allow for seconding of category B officials (secretaries) to the Offices of the Members of the Commission;
- reclassify certain jobs in the print shops and establish a number of local staff;
- make provision forthwith for upgrading certain posts within category C (C2 to C1);
- upgrade a few temporary A7/6 posts to A5/4 to allow for seconding of staff in these grades to the Offices of Members of the Commission.

It is also planned to transfer a few officials and posts from the research budget to the operating budget.

The Commission is at present making a detailed study of the present career system and composition (age, seniority, etc.) of the entire staff as part of the programme for the gradual introduction of a genuine staff policy. The findings of the working party are not yet available, but if they should show that it is necessary to convert a number of posts, a request will be made to this effect in a letter of amendment to the draft budget. If a solution is not found, serious difficulties, which could become critical with the passage of time, will be encountered in establishing a proper staff policy in an organization as complex as the Commission.

(7) Other

(a) Supply Agency

All that has been requested is an alteration to the Agency's establishment plan which does not involve creating any new posts.

(b) Office for Official Publications

Five category B and four category C posts have been requested, together with five posts (1 C, 4 D) to replace five posts held by local staff.

(b) Appropriations

The comparison between 1976 and 1977 is as follows:

| Chap | Heading | Appropriations 1976 | Estimates 1977 | Difference | |
|------|---|---------------------|----------------|-------------|---------|
| | | | | u.a. | % |
| | <u>TITLE 1 - EXPENDITURE</u> <u>RELATING TO PERSONS WORKING</u> <u>WITH THE INSTITUTION</u> | | | | |
| 10 | Members of the Institution | 2.142.281 | 2.756.100 | + 613.819 | + 28,65 |
| 11 | Staff | 215.077.869 | 245.630.000 | +30.602.131 | + 14,23 |
| 12 | Allowances and expenses | 16.096.692 | 14.954.500 | - 1.142.192 | - 7,09 |
| 13 | Missions and duty travel | 6.475.000 | 7.112.500 | + 637.500 | + 9,85 |
| 14 | Social welfare | 2.018.700 | 2.211.800 | + 193.100 | + 9,57 |
| 15 | Internal training courses | 1.050.000 | 1.464.000 | + 414.000 | + 39,43 |
| 16 | Operations for the benefit of handicapped persons | - | 150.000 | + 150.000 | - |
| | Total | 242.860.542 | 274.328.900 | +31.468.358 | + 12,96 |

Staff appropriations - Chapters 10, 11 and 12 - have been calculated on the basis of the economic parameters given in the table on page of Part II. In response to the request made by the budgetary authority, the Commission has forwarded these parameters to all the Institutions to ensure that the calculations are made on a standard basis, an essential requirement if the different sections of the Budget are to be consistent and allow of comparison.

If the comparison between 1976 and 1977 is to be meaningful the following general comments should be borne in mind (details are given in Part II):

- the calculations have been based on the "old method" for adjusting salaries, pending the Council's adoption of the "new method". Should the Council decide upon the "new method" in the course of the budgetary procedure, present estimates will need to be changed, where appropriate, using the letter of amendment procedure;
- the increase in Chapter 10 is the result of changes in the membership of the Commission (temporary allowances for Members leaving the Commission);

- the increase in Chapter 11 is the result both of applying the parameters referred to above and of the proposed new posts;
- under the staff appropriations the Commission is planning two new operations for 1977 which will not involve much expenditure but where the political and social significance is obvious. The first operation is a special effort to recruit handicapped persons to the Commission, (= 150.000 u.a.) and the second is to organize the exchange of civil servants between national and Community administrations (= 300.000 u.a.). Hence the increase in Chapter 15;
- a new item of expenditure (934.000 u.a.) under Chapter 11, Item 1146, may be incurred in respect of temporary staff of the Joint Research Centre to cover the payments provided for in Article 42 of the Conditions of Employment of Other Servants of the European Communities. This appropriation is entered under Chapter 100 (Provisional appropriations) as the relevant expenditure depends on the decisions to be taken with regard to the JET programme and the Staff Regulations (recruitment of establishment staff as temporary staff).

2. Administrative expenditure

The administrative budget is an austerity budget: the increase in administrative expenditure in the strictest sense of the word (Chapters 21 to 27) amounts to only 13%.

| Chap | H e a d i n g | Appropriations 1976 | Estimates 1977 | Difference | |
|-----------------|--|---------------------|----------------|-------------|--------|
| | | | | u.a. | % |
| | <u>TITLE 2 - BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE</u> | | | | |
| 20 | Immovable property investments | token entry | token entry | | |
| 21 | Rental of buildings | 29.313.057 | 33.660.700 | + 4.347.643 | +14,83 |
| 22 | Movable property | 9.281.040 | 10.621.100 | + 1.340.060 | +14,44 |
| 23 ¹ | Current administrative expenditure | 10.983.010 | 12.530.500 | + 1.547.490 | +14,09 |
| 24 | Entertainment and representation expenses | 400.000 | 451.000 | + 51.000 | +12,75 |
| 25 ² | Formal and other meetings | 7.920.000 | 8.925.000 | + 1.005.000 | +12,69 |
| 26 | Studies and surveys | 11.780.000 | 12.958.000 | + 1.178.000 | +10,- |
| 27 ³ | Publishing and information | 7.900.000 | 8.743.000 | + 843.000 | +10,67 |
| | Total | 77.577.107 | 87.889.300 | +10.312.193 | +13.29 |

¹ Except Item 2321/4 Article 381 of 1976.

² Except Article 254.

³ Except Articles 272 and 273.

Excluding the effect of the new posts on Chapters 21, 22 and 23, the average increase is approximately 11%. For some budget headings, however, the increase is no more than 10%, and for others the appropriations for 1977 are even lower than those for 1976 (e.g. replacement of equipment).

The following comments should be made:

- the expenditure on immovable property for 1977 includes the effect of the full occupation of the new "Jean Monnet" building in Luxemburg;
- to make the budget more transparent, a new budget heading (Article 215) has been introduced for expenditure on the security and supervision of buildings;
- a new presentation (cf Article 224 of the budget) has been adopted for appropriations in respect of the Computer Centre and the Commission's data-processing activities. This is based on suggestions put forward by the budgetary authority. The unusual increase (+ 35%) in appropriations is due to:
 - the inadequate capacity of existing equipment, which necessitates the use of outside facilities, and
 - the work involved in preparing for conversion to the new equipment which the Commission will obtain as from 1978.

3. Expenditure on information

| Chap. | H e a d i n g | Appropriations 1976 | Estimates 1977 | Difference | |
|-------|--|------------------------|-------------------|-------------|--------|
| | | | | u.a. | % |
| | <u>TITLE 2 - BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE</u> | | | | |
| 25 | (Article 254) Campaign on behalf of young people | 100.000 | 190.000 | + 90.000 | +90,- |
| 27 | (Article 272) Expenditure on information, popularization and partici- pation in public events | 5.200.000 | 6.380.000 | + 1.180.000 | +22,69 |
| | (Article 273) Dissemination of information on young people | 1.040.000 | 1.196.000 | + 156.000 | +15,- |
| | Total | 6.340.000 | 7.766.000 | + 1.426.000 | +22,45 |

Apart from the adjustment to the cost of living, the increase here reflects the need to step up the Community's effort in this vital sector.

The two following comments should be made:

- (i) the appropriation for Article 254 (Campaign on behalf of young people) is increased from 100.000 u.a. to 190.000 u.a., as the 1976 appropriation was simply to initiate the campaign;
- (ii) a new Item (2729) with an appropriation of 400.000 u.a. is included for 1977 in respect of information programmes and subsidies in preparation for direct elections to the European Parliament. The Commission considers that a campaign must be launched to educate the general public on this subject.

Details on these headings are given in Part II.

4. Expenditure on subsidies and financial contributions

| Chap | H e a d i n g | Approps. 1976 | Estimates 1976 | Difference | |
|------|--|------------------|-------------------|-------------|---------|
| | | | | u. a. | % |
| | <u>TITLE 2 - BUILDINGS, EQUIPMENT AND MISCELLANEOUS ADMINISTRATIVE EXPENDITURE</u> | | | | |
| 28 | Subsidies for balancing budgets | 19.547.601 | 22.406.900 | + 2.859.299 | + 14,63 |
| 29 | Subsidies and financial contributions | 866.800 | 1.069.800 | + 203.000 | + 23,42 |
| | Total | 20.414.401 | 23.476.700 | + 3.062.299 | + 15,- |

These appropriations are for the continuation of certain operations (subsidies for balancing budgets, miscellaneous subsidies, financial contributions) already under way in 1976.

The increase is due mainly to the following:

- (i) Chapter 28: an appropriation of 1.000.000 u.a. for a new operation in the European Communities Institute for Economic Analysis and Research;
- (ii) Chapter 29: the increase is due to the higher appropriation for the International Wheat Agreement (137.000 u.a. in 1976 to 201.000.u.a. in 1977).

3. The General Budget of the Communities compared with the gross Community domestic product and the national budgets

The Preliminary Draft Budget for 1977 should be compared with the gross Community domestic product and with all the national budgets: the tables set out below contain that comparison, beginning with the year 1974.

Comparison between the gross Community domestic product and the Community Budget

(in m u.a.)

| YEAR | GROSS COMMUNITY DOMESTIC PRODUCT | COMMUNITY BUDGET | % |
|------|----------------------------------|------------------|------|
| 1974 | 974.200 | 5.225,- | 0,54 |
| 1975 | 1.104.600 ¹ | 6.268,3 | 0,57 |
| 1976 | 1.274.800 ¹ | 7.576,9 | 0,59 |
| 1977 | 1.460.400 ¹ | 9.260,7 | 0,63 |

| YEAR | TOTAL NATIONAL BUDGETS | COMMUNITY BUDGET | % |
|------|------------------------|------------------|------|
| 1974 | 269.500 | 5.225,- | 1.94 |
| 1975 | 337.200 ¹ | 6.268,3 | 1.86 |
| 1976 | 393.600 ² | 7.576,9 | 1,92 |
| 1977 | | 9.260,7 | |

These tables show that the relative size of the Community Budget has remained virtually unchanged during the financial years 1974-1977: this confirms the fact that the Community Budget shows that the Community's financial position has remained statio.

¹ Commission estimate.

² It is not possible to give an estimate at present.

B. OVERALL SUMMARY

OF ESTIMATES

Historical Archives of the European Commission

I. REVENUE

- (a) In accordance with the Decision of 21 April 1970 the 1977 Budget will be financed from customs duties, agricultural levies, sugar levies and contributions calculated on the basis of GNP. These contributions take the place once again of the percentage (1% maximum) of the uniform basis for assessing VAT provided for under the Sixth Directive, which should be adopted by the Council in the coming months as urged on several occasions by the European Parliament and the Commission. In 1977 the margins of variation in the relative shares of each Member State over the preceding financial year will again be - and for the last time - $\pm 2\%$.

The margins of variation of $\pm 2\%$ apply to the new Member States as they do to the Six, but the payments corresponding to these relative shares are subject to abatements which limit them to 92% in 1977 (Article 130 of the Act of Accession).

- (b) As far as tariffs are concerned, 1977 will be marked by the final tariff out on trade between the Six and the Three, to take place on 1 July 1977, and by the application in toto by the Three of the Common Customs Tariff. The United Kingdom will however be able to apply fiscal duties to tobacco up to 1 January 1978; they must then be converted into internal taxes.

With regard to agriculture, attention is drawn to the gradual alignment of the prices of the Three, who will apply Community prices without exception as from 1 January 1978. On that date agricultural levies will be imposed without adjustment by the new Member States.

- (o) There is some uncertainty as to the estimates of own resources for 1977, as a result of the current economic situation in general and the monetary situation in particular, which is affecting all own resources, but especially agricultural levies. The bringing forward of the budget timetable means that estimates of resources for the current year cannot be based on the outturn for the first five months as in the past, but only on the outturn for January and February.

As far as customs duties are concerned, an increase of approximately 10% over the 1976 figures is expected.

A revenue of 1.003,5 million u.a. is expected from agricultural levies; this figure is based on an assumed drop in world prices and a corresponding increase in the levy rates.

With regard to VAT, estimated on the basis of macroeconomic data, 1% of the uniform assessment base should be approximately 7.200 million u.a.; this figure is given for information only in order to arrive at a theoretical figure for the percentage necessary to cover expenditure in 1977. For a total expenditure of 9.260,7 million u.a. the VAT rate would be 0,51%.

Breakdown of payments by Member States under own resources and the contributions referred to in Article 4(2) and (3) of the Decision of 21 April 1970

(in m u.a.)

| | Amount | % |
|--|---------|-------|
| Customs duties | 4.195,5 | 45,30 |
| Agricultural levies | 1.003,5 | 10,84 |
| Sugar levies | 258,1 | 2,79 |
| Contributions referred to in Article 4(2) and (3) of the Decision of 21 April 1970 | 3.731,8 | 40,30 |
| Other revenue | 71,8 | 0,77 |
| | 9.260,7 | 100,- |
| | | |

II. EXPENDITURE

Budgetary comparison of the appropriations for 1976 with the estimates for 1977

The summary table on the following two pages compares - in terms of the Budgetary Nomenclature - the appropriations authorized in 1976 with the estimates for 1977.

This purely is a budgetary comparison, supplemented, on subsequent pages, by an analysis which explains changes in Community expenditure, new operations, significant developments, etc.

These points should be borne in mind when reading the table:

- it provides in one place an outline of the changes of nomenclature laid down for 1977. These changes are described in detail in Annex B to Volume 4 of this Preliminary Draft Budget;
- the figures in the table are appropriations for payment (which are covered by revenue). They do not reflect the appropriations for commitment which are contained in the tables set out in the previous chapter - the "Political presentation";
- as stated earlier, the appropriations for 1976 do not yet include the financial implications of appropriations which will be opened by means of supplementary budgets for the Guarantee Section of the EAGGF, for Food Aid for Friuli. Consequently, the comparison between 1976 and 1977 is provisional.

COMPARATIVE TABLE OF APPROPRIATIONS FOR 1976 AND ESTIMATES

in u.s.

| 1976 (1) | | | | 1977 (1) | |
|---|--------------------|--|---|--------------------|----------------------------|
| Nomenclature | Approps. | New Nomenclature | Approps. for 1976 adapted to the new nomenclature | Estimates | Change col. 5 col. 4 |
| 1 | 2 | 3 | 4 | 5 | 6 |
| TITLE 1 - EXPENDITURE RELATING TO PERSONS WORKING WITH THE INSTITUTION | | idem | | | |
| CHAP.10 - COMMISSION | 2.142.281 | CHAP.10 - | 2.142.281 | 2.756.100 | + 28,65 |
| CHAP.11 - STAFF | 215.077.869 | CHAP.11 - | 215.077.869 | 245.680.000 | + 14,23 |
| CHAP.12 - ALLOWANCES & EXPENSES | 16.096.692 | CHAP.12 - | 16.096.692 | 14.954.500 | - 7,09 |
| CHAP.13 - MISSIONS, DUTY TRAVEL | 6.475.000 | CHAP.13 - | 6.475.000 | 7.112.500 | + 9,84 |
| CHAP.14 - EXPENDITURE ON SOCIAL WELFARE | 2.018.700 | CHAP.14 - | 2.018.700 | 2.211.800 | + 9,56 |
| CHAP.15 - TRAINING COURSES AND VOCATIONAL TRAINING | 1.050.000 | CHAP.15 - | 1.050.000 | 1.464.000 | + 39,43 |
| | | CHAP.16 - OPERATION FOR THE BENEFIT OF HANDICAPPED PERSONS | - | 150.000 | |
| TITLE 1 - TOTAL | 242.860.542 | TITLE 1 - TOTAL | 242.860.542 | 274.328.900 | + 12,96 |
| TITLE 2 - BUILDINGS, EQUIPMENT ADMINISTRATIVE EXPENDITURE | | idem | | | |
| CHAP.20 - IMMOVABLE PROPERTY INVESTMENTS | token entry | CHAP.20 - | token entry | token entry | |
| CHAP.21 - RENTAL OF BUILDINGS | 29.313.057 | CHAP.21 - | 29.313.057 | 33.600.700 | + 14,83 |
| CHAP.22 - MOVABLE PROPERTY | 9.281.040 | CHAP.22 - | 9.281.040 | 10.521.100 | + 14,41 |
| CHAP.23 - ADMIN. EXPENDITURE | 10.623.010 | CHAP.23 - | 10.983.010 | 12.530.700 | + 14,09 |
| CHAP.24 - REPRESENTATION | 400.000 | CHAP.24 - | 400.000 | 451.000 | + 12,75 |
| CHAP.25 - MEETINGS | 8.020.000 | CHAP.25 - | 8.020.000 | 9.115.000 | + 13,65 |
| CHAP.26 - STUDIES, SURVEYS | 12.500.000 | CHAP.26 - | 11.780.000 | 12.958.000 | + 10,- |
| CHAP.27 - PUBLISHING, INFORMATION | 14.140.000 | CHAP.27 - | 14.140.000 | 16.319.000 | + 15,41 |
| | | CHAP.28 - SUBSIDIES FOR BALANCING BUDGETS | 19.547.601 | 22.405.900 | + 14,63 |
| CHAP.29 - REFUNDS TO MEMBER STATES | | CHAP.29 - SUBSIDIES AND FINANCIAL CONTRIBUTIONS | 866.800 | 1.069.000 | + 23,42 |
| TITLE 2 - TOTAL (excluding Chap. 29) | 84.277.107 | TITLE 2 - TOTAL | 104.331.508 | 119.132.000 | + 14,12 |
| TITLE 3 - EXPENDITURE ON SPECIFIC FUNCTIONS | | idem | | | |
| CHAP.30 - SOCIAL SECTOR | 6.780.000 | CHAP.30 - | 6.780.000 | 6.245.000 | - 7,89 |
| CHAP.31 - AGRICULTURAL SECTOR | 5.212.500 | CHAP.31 - | 5.212.500 | 5.273.500 | + 1,17 |
| CHAP.32 - INDUSTRIAL AND ENERGY SECTORS | 31.590.000 | CHAP.32 - | 30.000.000 | 34.000.000 | + 13,33 |
| CHAP.33 - RESEARCH AND INVESTMENT | 135.182.526 | CHAP.33 - | 135.182.526 | 183.419.179 | + 35,68 |
| CHAP.34 - SAFEGUARDS | 630.000 | CHAP.34 - | 630.000 | 732.000 | + 16,19 |
| CHAP.35 - PROTECTION OF MAN AND HIS ENVIRONMENT | 4.820.001 | CHAP.35 - | 4.820.001 | 6.347.000 | + 31,68 |
| CHAP.36 - SCIENTIFIC AND TECHNICAL INFORMATION | 3.370.000 | CHAP.36 - | 3.370.000 | 2.853.000 | - 15,34 |
| CHAP.38 - LOAN OF SERVICES BETWEEN INSTITUTIONS | 360.000 | CHAP.37 - INDUSTRIAL TRANSPORT | 1.590.000 | 25.265.000 | + 1488,99 |
| CHAP.39 - OTHER SPECIFIC FUNCTIONS | 1.500.000 | CHAP.39 - unchanged (cf. col. 1) | 2.220.000 | 3.625.000 | + 63,29 |
| TITLE 3 - TOTAL | 189.445.027 | TITLE 3 - TOTAL | 189.805.027 | 267.759.679 | + 41,07 |
| TITLE 4 - AIDS, SUBSIDIES AND FINANCIAL CONTRIBUTIONS | | TITLE 4 - REPAYMENTS AND AID TO MEMBER STATES AND MISCELLANEOUS AID | | | |
| CHAP.40 - AIDS | 3.100.000 | CHAP.40 - REFUNDS TO MEMBER STATES | | | |
| CHAP.41 - SUBSIDIES AND FINANCIAL CONTRIB. | 725.000 | CHAP.41 - CORRECTING MECHANISM | | | |
| CHAP.42 - SUBSIDIES FOR BALANCING BUDGETS | 1.821.477 | CHAP.42 - COMMUNITY LOANS | token entry | token entry | |
| CHAP.43 - EUROPEAN SCHOOLS | 19.024.874 | CHAP.47 - EXPENDITURE ARISING FROM THE MONETARY SITUATION IN THE EAGGF GUARANTEE SECTION | (2) 320.000.000 | (2) 550.000.000 | + 71,87 |
| CHAP.44 - EEC CONTRIBUTION TO INTERNATIONAL AGREEMENTS | 141.800 | CHAP.48 - DIFFERENCES IN EXCHANGE RATES | token entry | token entry | |
| CHAP.48 - COMMUNITY LOANS | token entry | CHAP.49 - EUROPEAN EXPORT BANK | - | 100.000.000 | |
| CHAP.49 - AID TO PORTUGAL | 12.000.000 | | | | |
| TITLE 4 - TOTAL | 36.813.151 | TITLE 4 - TOTAL (excluding Chap.40) | 320.000.000 | 650.000.000 | + 103,13 |
| TITLE 5 - FUNDS | | idem | | | |
| CHAP.50 - | 170.000.000 | CHAP.50 - | 170.000.000 | 48.500.000 | - 71,47 |
| CHAP.51 - } REFORMED SOCIAL FUND | 270.000.000 | CHAP.51 - | 270.000.000 | 123.500.000 | - 54,26 |
| CHAP.52 - | 1.000.000 | CHAP.52 - | 1.000.000 | 440.000 | - 56,- |
| CHAP.53 - } FORMER FUND | token entry | CHAP.53 - | token entry | | |
| CHAP.54 - | - | CHAP.54 - | - | - | |
| CHAP.55 - } REGIONAL FUND | 300.000.000 | CHAP.55 - | 300.000.000 | 500.000.000 | + 66,67 |
| | | CHAP.59 - COMMUNITY AIDS TO DISASTER AREAS | | token entry | |
| TITLE 5 - TOTAL | 741.000.000 | TITLE 5 - TOTAL | 741.000.000 | 672.440.000 | - 9,25 |

| 1976 ¹ | | | | 1977 ¹ | |
|--|----------------------------|--|---|----------------------------|-------------------------------|
| Nomenclature | Approps. | New Nomenclature | Approps. for 1976 adapted to the new Nomenclature | Estimates | Change % col.5 col.4 |
| 1 | 2 | 3 | 4 | 5 | 6 |
| TITLES 6 and 7 - EAQGF GUARANTEE SECTION | 5.117.900.000 ² | idem | 4.797.900.000 ² | 6.040.000.000 | + 25,89 |
| TITLE 8 - EAQGF - GUIDANCE SECTION | 325.000.000 | idem | 327.500.000 | 164.100.000 | - 49,85 |
| TITLE 9 - EXPENDITURE ON COOPERATION WITH THE DEVELOPING COUNTRIES AND OTHER EXPENDITURE | | idem | | | |
| CHAP.90 - AID TO NON-ASSOCIATED DEVELOPING COUNTRIES | 23.500.000 | CHAP.90 - } EDF | | | |
| CHAP.92 - FOOD AID EXPENDITURE | 249.000.000 | CHAP.91 - } | | | |
| CHAP.93 - SPECIAL MEASURES FOR COOPERATION WITH THE DEVELOPING COUNTRIES | 7.122.000 | CHAP.92 - unchanged | 249.000.000 ² | 310.000.000 | + 24,50 |
| CHAP.94 - EXCEPTIONAL MEASURES TO ASSIST DEVELOPING COUNTRIES | - | CHAP.93 - FOOD AID EXPENDITURE | 24.600.000 | 44.900.000 | + 82,51 |
| CHAP.98 - PROVISIONAL APPROPS. NOT ALLOCATED | (20.558.893) | CHAP.94 - SPECIAL MEASURES FOR COOPERATION WITH THE DEVELOPING COUNTRIES | 7.320.750 | 8.732.900 | + 19,29 |
| CHAP.99 - EXPENDITURE NOT SPECIFICALLY PROVIDED FOR | 3.000.000 | CHAP.95 - EXCEPTIONAL MEASURES TO ASSIST DEVELOPING COUNTRIES | 600.000 | 1.000.000 | + 66,67 |
| | | CHAP.96 - AID TO NON-MEMBER COUNTRIES | 12.000.000 | 18.000.000 | + 50,- |
| TITLE 9 - TOTAL | 240.222.000 | TITLE 9 - TOTAL | 293.520.750 | 382.632.900 | + 30,38 |
| | | TITLE 10 - OTHER EXPENDITURE | | | |
| | | CHAP.100 - PROVISIONAL APPROPS. | (20.558.893) | (239.063.900) ³ | |
| | | CHAP.101 - CONTINGENCY RESERVE | 3.000.000 | 6.000.000 | + 100 |
| | | TITLE 10 - TOTAL | 3.000.000 | 6.000.000 | + 100 |
| COMMISSION - TOTAL (excluding Chap. 29) | 7.019.917.827 | COMMISSION - TOTAL (excluding Chap. 40) | 7.019.917.827 | 8.576.393.479 | + 22,17 |
| CHAP.29 - REPAYMENT TO MEMBER STATES OF 10% OF OWN RESOURCES | 429.186.074 | CHAP.40 - REPAYMENT TO MEMBER STATES OF 10% OF OWN RESOURCES | 429.186.074 | 545.706.538 | + 27,15 |
| COMMISSION - TOTAL | 7.449.103.901 | COMMISSION - TOTAL | 7.449.103.901 | 9.122.100.017 | + 22,45 |
| GENERAL SUMMARY | | | | | |
| COMMISSION - TOTAL | 7.449.103.901 | | 7.449.103.901 | 9.122.100.017 | + 22,40 |
| OTHER INSTITUTIONS | 127.755.247 | | 127.755.247 | 138.631.280 | + 8,51 |
| GRAND TOTAL | 7.576.859.148 | | 7.576.859.148 | 9.260.731.297 | + 22,22 |

¹As the purpose of this table is to give a summary of the appropriations by title and Chapter and permit comparison, the appropriations under Chapter 100 (Chapter 98 in 1976) are broken down between the items to which they are assigned.

²Taking into account the transfer of 42,4 million u.s. from the EAQGF Guarantee Section to Food Aid.

³The Annexes following Section B of Part I (of. pages 96 and 97) provide the information needed for cross-checking between Chapter 100 and the appropriate budget heads.

RE: This table provides a comparison based on appropriations for payment. A full comparison, taking account of appropriations for commitment, is provided by the table on page .

New measures and operations for 1977

The table on the following pages lists new measures for 1977. The total for these operations amounts to 129 million u.a., broken down as follows:

- a) Only three new operations involving considerable expenditure are planned for 1977: Data processing (7,2 million u.a.), Aerospace (16 million u.a.) and the European Export Bank (100 million u.a.) - a total of 123,2 million u.a.
- b) All the other new operations - totalling 5,8 million u.a. - involve individually very moderate expenditure.

New operations total 184 million u.a., however, if account is taken of appropriations for commitment provided.

Token entries have been made at this stage for some new operations; they are nonetheless on the list which is intended to be complete (even if at present no expenditure is proposed on them for 1977): in particular, only an appropriation for commitment of 20 million u.a. is provided for 1977 in respect of Article 962, intended to cover the cost of the agreements with certain Mediterranean non-member countries (the appropriation for payment will be included in 1978).

Reference should be made to the information in Part II of this General Introduction for the detailed explanation of each new operation.

LIST OF NEW MEASURES

PROVIDED FOR 1977

Non-differentiated appropriations
(or appropriations for payment)

in u.a.

CHAPTER 11 - STAFF

Item 1146 - Maintenance of pension rights in the country
of origin for new temporary JRC staff
(Article 42 of the GEOS) 934.000

CHAPTER 15 - INTERNAL TRAINING COURSES AND VOCATIONAL
TRAINING COURSES OF STAFF

Article 152- Exchange of Community and national officials 300.000

CHAPTER 16 - OPERATIONS FOR THE BENEFIT OF HANDICAPPED
PERSONS 150.000

CHAPTER 27 - EXPENDITURE ON PUBLISHING AND INFORMATION

Item 2729 - Information projects relating to direct
elections to the European Parliament 400.000

CHAPTER 28 - SUBSIDIES FOR BALANCING BUDGETS

Article 282- Institute for Economic Analysis and Research 1.000.000

CHAPTER 30 - EXPENDITURE IN THE SOCIAL SECTOR

Item 3021 - Second exchange programme for young workers 55.000

Article 307- European Trade Union Institute 500.000¹

CHAPTER 31 - EXPENDITURE IN THE AGRICULTURAL SECTOR

Item 3103 - Foot-and-mouth disease institute, Ankara 207.000²

¹An appropriation of 50.000 u.a. was entered in Chapter 98 in 1976.

²Any requirements which may arise in 1976 could be covered by transfers.

CHAPTER 32 - EXPENDITURE UNDER ENERGY POLICY

Article 322 - Aids for coal stocks token entry

CHAPTER 35 - PROTECTION OF MAN AND HIS ENVIRONMENT

Article 353 - Studies and research on public health 40.000

Article 356 - Organization and "humanizing" of work 50.000

CHAPTER 36 - EXPENDITURE ON SCIENTIFIC AND TECHNICAL INFORMATION AND ON INFORMATION MANAGEMENT

Item 3611 - Assessment and utilization of research findings 100.000

Item 3621 - Activities supplementary to the three-year plan 260.000¹

CHAPTER 37 - EXPENDITURE IN THE INDUSTRIAL AND TRANSPORT SECTORS

Item 3701 - Data processing (Second Programme) 7.235.000²

Item 3710 - Aerospace (Basic research) 8.000.000³

Item 3711 - Aerospace (Aids to the industry) 8.000.000⁴

Item 3721 - Research in the footwear sector 90.000⁵

Article 373 - Financial operations in transport infrastructure projects token entry

Article 374 - Technical regulations governing the manufacture of cars token entry

¹ An appropriation for commitment of 650.000 u.a. is proposed for 1977.

² " " " 22.385.000 " " " .

³ " " " 20.000.000 " " " .

⁴ " " " 16.000.000 " " " .

⁵ " " " 235.000 " " " .

| | | |
|-------------------|--|------------------------------------|
| <u>CHAPTER 39</u> | - <u>OTHER EXPENDITURE ON SPECIFIC PROJECTS UNDERTAKEN BY THE INSTITUTION</u> | |
| Item 3911 | - Implementation of concerted operations | 600.000 |
| Item 3921 | - Preparation of young people for working life | 250.000 |
| Article 393 | - Cultural projects | 100.000 |
| <u>CHAPTER 41</u> | - <u>CORRECTING MECHANISM</u> | token entry |
| <u>CHAPTER 49</u> | - <u>EUROPEAN EXPORT BANK</u> | 100.000.000 |
| <u>CHAPTER 94</u> | - <u>SPECIAL MEASURES FOR FINANCIAL AND TECHNICAL COOPERATION WITH THE DEVELOPING COUNTRIES</u> | |
| Item 9431 | - Subsidy to the EAC in respect of the Commission delegations operating in the Maghreb countries | 681.000 |
| <u>CHAPTER 96</u> | - <u>AIDS TO NON-MEMBER COUNTRIES</u> | |
| Article 962 | - Aids and loans to non-member countries | token entry ¹ |
| | | <hr/> 128.952.000 u.a. <hr/> <hr/> |

¹ An appropriation for commitment of 20 million u.a. is proposed for 1977.

Measures and operations substantially expanded in 1977

These are listed in the table overleaf; for the sake of objectivity, it shows the increase both of appropriations for commitment (columns 5 and 6) and appropriations for payment (columns 7 and 8).

From this method presentation it emerges that the main budgetary appropriations significantly increased in 1977 are:

- the appropriations in the Energy sector (Items 3200, 3201 and Article 321), which display a considerable increase on all the appropriations for commitment;
- the research appropriations (Chapter 33), which display a reduction in appropriations for commitment but an increase in appropriations for payment;
- the Social Fund increases its funds for commitments by 100 million u.a. and with the new method payments can be matched to actual requirements (-60%);
- the EACGF Guarantee Section increases by 25%, but the comparison is provisional, for the 1976 appropriation must be increased by the financial consequences of the supplementary budget. Furthermore, the financial implications of the "dual rate" of exchange are expected to be even greater in 1977 than 1976 (+ 230 million u.a. = + 72%);
- Food Aid increases by 24%; this percentage will be reduced when the supplementary budget for 1976 is taken into account;
- aid to the non-associated developing countries increases considerably - both commitments and payments.

APPROPRIATIONS SUBSTANTIALLY EXPANDED IN 1977

in u.s.

| HEADING | 1976 | | 1977 | | Change | | Change | |
|--|-------------------------------|----------------------------|-------------------------------|----------------------------|-----------------|-----------|------------------|----------|
| | Approps. for commitment | Approps. for payment | Approps. for commitment | Approps. for payment | Amount | % | Amount | % |
| TITLE 1 New staff | | | | | + 5.800.000 | | + 5.800.000 | |
| TITLE 2 New staff | | | | | | | | |
| Data processing appropriations (Article 224) | 4.301.000 | 4.301.000 | 5.810.000 | 5.810.000 | + 1.509.000 | + 35,08 | + 1.509.000 | + 35,08 |
| Legal costs and damages (Articles 233 and 234) | 85.800 | 85.800 | 400.000 | 400.000 | + 314.200 | + 366,20 | + 314.200 | + 366,20 |
| TITLE 3 | | | | | | | | |
| Item 3010 European Vocational Training Centre | 1.600.000 | 1.600.000 | 2.100.000 | 2.100.000 | + 500.000 | + 31,25 | + 500.000 | + 31,25 |
| Item 3050 Research and action programme on labour market trends | 200.000 | 200.000 | 400.000 | 400.000 | + 200.000 | + 100,- | + 200.000 | + 100,- |
| Item 3051 Training courses for officials from national employment services | 200.000 | 200.000 | 300.000 | 300.000 | + 100.000 | + 50,- | + 100.000 | + 50,- |
| Article Training of national officials | | | | | | | | |
| 315 responsible for monitoring EAGGF expenditure | 50.000 | 50.000 | 100.000 | 100.000 | + 50.000 | + 100,- | + 50.000 | + 100,- |
| Item 3200 Hydrocarbons/Community technological development projects | 28.000.000 | 28.000.000 | 50.000.000 | 23.000.000 | + 22.400.000 | + 78,57 | + (-5.000.000) | - 17,86 |
| Item 3201 Hydrocarbons/Joint prospecting projects | 1.000.000 | 1.000.000 | 30.000.000 | 9.000.000 | + 29.000.000 | + 2.900,- | + 8.000.000 | + 800,- |
| Article 321 Prospecting for uranium deposits | 1.000.000 | 1.000.000 | 5.000.000 | 2.000.000 | + 4.000.000 | + 400,- | + 1.000.000 | + 100,- |
| Chap. 33 Research and investment expenditure | 299.233.270 | 135.182.526 | 213.196.766 | 183.419.779 | + 86.036.504 | + 28,75 | + 48.236.653 | + 35,68 |
| Item 3540 Environmental studies | 960.000 | 960.000 | 1.412.000 | 1.412.000 | + 452.000 | + 47,08 | + 452.000 | + 47,08 |
| Item 3541 Environmental projects | 100.000 | 100.000 | 150.000 | 150.000 | + 50.000 | + 50,- | + 50.000 | + 50,- |
| Item 3550 Consumer protection studies | 120.000 | 120.000 | 180.000 | 180.000 | + 60.000 | + 50,- | + 60.000 | + 50,- |
| Item 3551 Consumer projects | 200.000 | 200.000 | 240.000 | 240.000 | + 40.000 | + 20,- | + 40.000 | + 20,- |
| Article Subsidy for the Foundation for the Improvement of Living and Working Conditions | 2.500.000 | 2.500.000 | 3.025.000 | 3.025.000 | + 525.000 | + 21,- | + 525.000 | + 21,- |
| Item 3700 Data processing/first programme | 1.500.000 | 1.500.000 | 2.400.000 | 1.850.000 | + 900.000 | + 60,- | + 350.000 | + 23,33 |
| TITLE 5 | | | | | | | | |
| Social Fund | 519.000.000 | 441.000.000 | 619.100.000 | 372.440.000 | + 100.100.000 | + 19,27 | + (-268.560.000) | - 60,96 |
| Regional Fund | 500.000.000 | 300.000.000 | 500.000.000 | 500.000.000 | - | - | + 220.000.000 | + 66,67 |
| TITLES 6 & 7 EAGGF Guarantee Section | | | | | | | | |
| - costs of policy | 4.797.900.000 | 4.797.900.000 | 6.040.000.000 | 6.040.000.000 | + 1.242.100.000 | + 25,89 | + 1.242.100.000 | + 25,89 |
| - cost of dual rate of exchange | 320.000.000 | 320.000.000 | 550.000.000 | 550.000.000 | + 230.000.000 | + 71,88 | + 230.000.000 | + 71,88 |
| TITLE 9 | | | | | | | | |
| Chap. 92 Food aid | 249.000.000 | 249.000.000 | 310.000.000 | 310.000.000 | + 61.000.000 | + 24,50 | + 61.000.000 | + 24,50 |
| Article Financial cooperation with the non-associated developing countries | 20.000.000 | 20.000.000 | 120.000.000 | 40.000.000 | + 100.000.000 | + 500,- | + 20.000.000 | + 100,- |
| Article Promotion of trade relations between the Community and non-associated developing countries | 4.340.000 | 4.340.000 | 5.000.000 | 4.500.000 | + 660.000 | + 15,21 | + 160.000 | + 3,69 |
| Article Measures to encourage regional or subregional integration between developing countries | 260.000 | 260.000 | 400.000 | 400.000 | + 140.000 | + 53,85 | + 140.000 | + 53,85 |
| Article Administrative expenditure in respect of the headquarters of the EAC | 1.298.750 | 1.298.750 | 1.940.900 | 1.940.900 | + 642.150 | + 49,44 | + 642.150 | + 49,44 |
| Article Aid for cooperation projects with the developing countries carried out by non-governmental organizations | 2.500.000 | 2.500.000 | 5.000.000 | 2.500.000 | + 2.500.000 | + 100,- | - | - |
| Article Community aid to disaster victims | 600.000 | 600.000 | 1.000.000 | 1.000.000 | + 400.000 | + 66,67 | + 400.000 | + 66,67 |
| Article Payment of interest on loans granted by the EIB to Portugal | 12.000.000 | 12.000.000 | 18.000.000 | 18.000.000 | + 6.000.000 | + 50,- | + 6.000.000 | + 50,- |
| | 6.767.948.800 | 6.351.129.676 | 8.405.154.000 | 7.574.167.679 | + 1.717.585.540 | + 25,27 | + 1.559.522.003 | |

NB.: The sums asterisked(*) are appropriations for commitment in the real sense of the term. The other sums in the same column are "non-differentiated" appropriations (i.e., combining the nature of appropriations for commitment and appropriations for payment).

How "non-compulsory" and "compulsory" expenditure have changed

(a) The legal context

Implementation of Article 203 of the Treaty presented certain difficulties that were resolved with the aid of the experience built up when drawing up and discussing the Budgets for the financial years 1975 and 1976: 1977 is therefore likely to be easier in this respect.

But a new factor has arisen for 1977: the increased use of the distinction between appropriations for commitment and appropriations for payment. There were appropriations for commitment in the past, for the Research (Chapter 33), the Regional Fund (Chapter 55) and, in practice, for the Social Fund as well - because of the commitment "authorizations".

The Commission is of the opinion that the "maximum rate" procedure - designed to apply to annual expenditure, and hence chiefly to operating expenditure - would be difficult to apply to appropriations for commitment relating to multiannual operations: it therefore considers that the two holders of Budgetary Authority (the Council and the European Parliament) will have to reach an agreement on the exercise of budgetary power on the appropriations for commitment.

This problem was already there, in fact, in the sectors mentioned above in recent financial years, but it will be more acute in 1977.

(b) The maximum rate for 1977

In accordance with the provisions of Article 203, the Commission on 14 April 1976 fixed a maximum rate of 17,3% for 1977. By way of comparison: the maximum rate was 14,6% for 1975 and 15,3% for 1976.

The following table gives details of the theoretical implications of this rate.

| Scope for increasing non-compulsory expenditure in preparing the 1977 Budget | | | | |
|---|--------------------|--|---|---------------------------|
| in u.a. | | | | |
| Titles | ASSESSMENT 1976 | COUNCIL POWERS | PARLIAMENT POWERS | TOTAL: Col. 2 + Col. 3 |
| | Budget 1976 | Scope for increase resulting from maximum rate = 17,3% | Scope for increase resulting from the Parliament's margin = 8,65% | = 25,95% |
| | 1 | 2 | 3 | 4 |
| | | | | |
| 1 | 221.551.435 | 245.454.366 | 122.727.183 | 368.181.549 |
| 2 | 84.191.307 | | | |
| 3 | 189.195.027 | | | |
| 4 | 24.671.351 | | | |
| 5 | 741.000.000 | | | |
| 6-7-8 | - | | | |
| 9 | 30.447.000 | | | |
| COMMISSION, TOTAL | 1.291.056.120 | 245.454.366 | 122.727.183 | 368.181.549 |
| Other Institutions | 127.755.247 | | | |
| GRAND TOTAL | 1.418.811.367 | | | |

c) Distribution of proposed appropriations for 1977 between
"non-compulsory" and "compulsory" expenditure

- Changes in "non-compulsory" expenditure

The following table reflects these changes, which are characterized by the following features:

- a considerable increase (+ 41%) in Title 3, in particular because of the increased implications of measures in the Research, Energy and Industry sectors;

- there has been an appreciable decrease (- 9%) in Title 5. This is a result of the introduction of the distinction between "appropriations for commitment" and "appropriations for payment" in the Social Fund;
- there has been an increase in Title 9, mainly because of the appropriation proposed for the non-associated developing countries.

Though, overall the increase is no more than 6,30%, this is mainly due to the introduction of the distinction between appropriations for commitment and appropriations for payment.

- Changes in compulsory expenditure

These are shown in the following table and are characterized by the following features:

- the overall increase is 26%, due mainly to the EAGGF Guarantee Section and to Food Aid. In fact, however, this percentage will be lower once the implications for 1976 of the supplementary budget for these sectors are known;
- the sum for Title 8 (Guidance) is down because of the introduction of the distinction between "appropriations for commitment" and "appropriations for payment";
- the Commission considers that the appropriation of 100 million u.a. proposed for the capital of the EEB is compulsory expenditure as the sum to be allocated will result directly from the Statute setting up the Bank, which will, of course, be adopted after joint consultation between Parliament and Council.

| Trend in <u>non-compulsory expenditure</u> between 1976 and 1977 in u.a. | | | | |
|--|---------------|--------------------------|--------------|---------|
| Nomenclature | NCE in 1976 | Estimates of NCE in 1977 | Change | |
| | | | in u.a. | % |
| TITLE 1 | 221.551.435 | 253.605.393 | + 32.053.958 | + 14,47 |
| TITLE 2 | 104.103.908 | 118.516.200 | + 14.412.292 | + 13,84 |
| TITLE 3 | 189.555.027 | 267.609.679 | + 78.054.652 | + 41,18 |
| TITLE 4 | - | - | - | - |
| TITLE 5 | 741.000.000 | 672.440.000 | - 68.560.000 | - 9,25 |
| TITLES 6 & 7 | - | - | - | - |
| TITLE 8 | 2.500.000 | - | - 2.500.000 | - 100,- |
| TITLE 9 | 29.345.750 | 51.341.900 | + 21.996.150 | + 74,96 |
| TITLE 10 | 3.000.000 | 6.000.000 | + 3.000.000 | + 100,- |
| TOTAL - COMMISSION | 1.291.056.120 | 1.369.513.172 | + 78.457.052 | + 6,08 |
| OTHER INSTITUTIONS | 127.755.247 | 138.631.280 | + 10.876.033 | + 8,51 |
| GRAND TOTAL | 1.418.811.367 | 1.508.144.452 | + 89.333.085 | + 6,30 |

| Trend in <u>compulsory expenditure</u> between 1976 and 1977 in u.a. | | | | |
|--|---------------|-------------------------|----------------|---------|
| Nomenclature | CE in 1976 | Estimates of CE in 1977 | Change | |
| | | | in u.a. | % |
| TITLE 1 | 21.309.107 | 20.723.507 | - 585.600 | - 2,75 |
| TITLE 2 | 227.600 | 615.800 | + 388.200 | +170,56 |
| TITLE 3 | 250.000 | 150.000 | - 100.000 | - 40,- |
| TITLE 4 (exc. Chap. 40) | 320.000.000 | 650.000.000 | +330.000.000 | +103,13 |
| TITLE 5 | - | - | - | - |
| TITLES 6 & 7 | 4.840.300.000 | 6.040.000.000 | +1.199.700.000 | + 24,78 |
| TITLE 8 | 325.000.000 | 164.100.000 | -160.900.000 | - 49,51 |
| TITLE 9 | 221.775.000 | 331.291.000 | +109.516.000 | + 49,38 |
| TITLE 10 | - | - | - | - |
| Chapter 40 | 429.186.074 | 545.706.538 | +116.520.464 | + 27,15 |
| TOTAL - COMMISSION | 6.158.047.781 | 7.752.526.845 | +1.594.539.064 | + 25,89 |
| OTHER INSTITUTIONS | - | - | - | - |
| GRAND TOTAL | 6.158.047.781 | 7.752.526.845 | +1.594.539.064 | + 25,89 |

Breakdown by major fields of activity of the increase in 1977 over 1976

Appropriations for payment increased from 7.576,9 million u.a. in 1976 to 9.260,7 million u.a. in 1977 or an increase of 1.683,8 u.a.

The main reasons for this are as follows¹:

(a) Increases

| | |
|---|-----------|
| 1. New operations (see page 83) | + 129 |
| 2. Operations subject to considerable expansion (see page 85) | + 1.829,5 |
| 3. Expenditure on staff (Title 1) | + 24,2 |
| 4. Administrative expenditure (Title 2) | + 9,7 |
| 5. Other expenditure | + 3,9 |
| 6. Chapter 40 (reimbursement to the Member States) | + 116,5 |
| 7. Other institutions | + 10,9 |
| | <hr/> |
| | + 2.123,7 |

(b) Reductions

Appropriations for payment were reduced as a result of the introduction of the following appropriations for commitment:

| | | |
|-------------|---------|----------------|
| Social fund | - 268,6 | |
| Guidance | - 163,4 | |
| Other | - 7,9 | |
| | <hr/> | - 439,9 |
| | | <hr/> |
| | | 1.683,8 m u.a. |
| | | <hr/> |

Two points should be borne in mind in connection with this increase:

- (i) it is temporary because it does not take account of the implications of the supplementary budgets to be drawn up for the EAGGF Guarantee Section and Food Aid and aid to Friuli;
- (ii) it is based on appropriations for payment (which correspond to the real financial implications for 1977) and do not represent the appropriations for commitment properly so-called.

¹See Table on the following page.

POLICIES OF THE CAUSES OF CHANGE BETWEEN 1976 AND 1977 IN MILLION U.A.

| Titles | Total change | New projects | Considerable expansion | Reduction due to the introduction of commitment appropriations | Difference: Col. 1 - Cols. 2 + 3 + 4 |
|--------------------|--------------|--------------|------------------------|--|--|
| | 1 | 2 | 3 | 4 | 5 |
| 1 | + 31,4 | + 1,4 | + 5,8 | | + 24,2 |
| 2 | + 14,8 | + 1,4 | + 3,7 | | + 9,7 |
| 3 | + 78,- | + 25,5 | + 59,6 | - 7,9 | + 0,8 |
| 4 | + 330,- | + 100,- | + 230,- | | |
| 5 | - 68,6 | - | + 200,- | - 268,6 | - |
| 6 & 7 | + 1.242,1 | - | + 1.242,1 | | |
| 8 | - 163,4 | - | - | - 163,4 | - |
| 9 | + 89,1 | + 0,7 | + 88,3 | | + 0,1 |
| 10 | + 3,- | - | - | | + 3,- |
| Other institutions | + 10,9 | - | - | | + 10,9 |
| Chapter 40 | + 116,5 | - | - | | + 116,5 |
| TOTAL | + 1.683,8 | + 120,- | + 1.822,5 | - 439,9 | + 165,2 |

Summary of the appropriations for commitment

In recent financial years it became increasingly obvious that an appropriate budgetary technique was necessary in certain fields which because of their nature were subject to multiannual budgets. The traditional system of non-differentiated appropriations¹ is not adequate to meet these requirements and leads to several administrative difficulties and to carry-overs of considerable sums.

On 12 August 1975 the Commission therefore proposed to the Budget Authority a Regulation introducing appropriations for commitment into the Budget (i.e., when presenting the preliminary draft budget for each financial year). This modified procedure has been incorporated in the proposal for a revised Financial Regulation which was transmitted to the Budget Authority.

The Table on the following page gives a summary of the budget headings in respect of which it proved desirable to make a distinction between appropriations for commitment and appropriations for payment on account of the multiannual nature of the operations which they cover.

¹Characterized by the fact that they are used to cover legal obligations (appropriations for commitment) and payment requirements (appropriations for payment) simultaneously.

²Doc. COM(76)210 final.

BUDGETARY HEADINGS SHOWING THE DISTINCTION BETWEEN
APPROPRIATIONS FOR COMMITMENT AND APPROPRIATIONS FOR PAYMENT
(preliminary draft budget for 1977)

in u.a.

| | Heading | 1976 | | 1977 | |
|------|---|----------------------------|--|----------------------------|-------------------------|
| | | Approps. for commitment | Non-differentiated approps. or approps. for payment | Approps. for commitment | Approps. for payment |
| 3030 | Housing for handi- capped workers | 450.000 | 450.000 | 500.000 | 150.000 |
| 3031 | Housing for migrant workers | token entry | token entry | 500.000 | 150.000 |
| 306 | Control of poverty | 2.875.000 | 2.875.000 | 3.500.000 | 1.170.000 |
| 3200 | Hydrocarbons: | | | | |
| 3200 | Technol. dev. projects | 28.000.000 | 28.000.000 | 50.000.000 | 23.000.000 |
| 3201 | Prospecting activities | 1.000.000 | 1.000.000 | 30.000.000 | 9.000.000 |
| 321 | Uranium prospecting | 1.000.000 | 1.000.000 | 5.000.000 | 2.000.000 |
| 33 | Research and investment | (a) 299.233.270 | 135.182.526 | 213.196.766 | 183.419.179 |
| | Documentary research: | | | | |
| 3620 | Three-year plan | 2.150.000 | 2.150.000 | 2.775.000 | 1.300.000 |
| 3621 | Supplementary activities | - | - | 650.000 | 260.000 |
| 3622 | Other activities | 484.000 | 484.000 | 585.000 | 351.000 |
| | Data processing: | | | | |
| 3700 | First programme | 1.500.000 | 1.500.000 | 2.400.000 | 1.850.000 |
| 3701 | Second programme | - | - | 22.385.000 | 7.235.000 |
| | Aerospace industry: | | | | |
| 3710 | Basic research | - | - | 20.000.000 | 8.000.000 |
| 3711 | Aids | - | - | 16.000.000 | 8.000.000 |
| 3721 | Research in the footwear sector | - | - | 235.000 | 90.000 |
| 500 | Social Fund (Article 4) | (b) 519.000.000 | 66.115.000 | 53.000.000 | 13.000.000 |
| 501 | | | 37.780.000 | 172.000.000 | 24.000.000 |
| 502 | | | 17.001.000 | 23.000.000 | 5.000.000 |
| 503 | | | 20.779.000 | 27.000.000 | 6.500.000 |
| 504 | Social Fund (Article 5) | (a) | 28.325.000 | - | - |
| 510 | | | 241.071.000 | 310.000.000 | 110.000.000 |
| 511 | | | 28.929.000 | 33.000.000 | 13.500.000 |
| 520 | Social Fund studies | | 1.000.000 | 1.100.000 | 440.000 |
| 55 | Regional Fund | 500.000.000 | 300.000.000 | 500.000.000 | 500.000.000 |
| 8 | EAGGF Guidance Section | 327.500.000 | 327.500.000 | 325.000.000 | 164.100.000 |
| 930 | Cooperation with non- associated developing countries | 20.000.000 | 20.000.000 | 120.000.000 | 40.000.000 |
| 931 | Promotion of trade relations with non- associated developing countries | 4.340.000 | 4.340.000 | 5.000.000 | 4.500.000 |
| 946 | Aid to developing countries from non- government bodies | 2.500.000 | 2.500.000 | 5.000.000 | 2.500.000 |
| 962 | Aid to non-member countries | - | - | 20.000.000 | token entry |
| | TOTAL | 1.710.032.270 | 1.267.981.526 | 1.961.826.766 | 1.129.515.179 |

NB. The appropriations given in the first column consist of:

- (a) formal appropriations for commitment,
- (b) appropriations similar to appropriations for commitment - Social Fund,
- (c) non-differentiated appropriations (all other items).

Annexes: Tables combining the additional provision made in Chapter 100 with the relevant budget headings.

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RECONSTITUTION OF THE BUDGETARY APPROPRIATIONS INCLUDING
THE AMOUNTS IN CHAPTER 100 UNDER THE RELEVANT HEADINGS

in u.a.

| 1976 | | | | 1977 | | | |
|------------------------------------|------------------------------|-------------|---------------|------------------------------------|------------------------------|-------------|---------------|
| TITLES | NOT INCLUDING CHAPTER 100 | CHAPTER 100 | TOTAL | TITLES | NOT INCLUDING CHAPTER 100 | CHAPTER 100 | TOTAL |
| 1 | 227.889.900 | 14.970.642 | 242.860.542 | 1 | 254.384.600 | 19.944.300 | 274.328.900 |
| 2 | 100.422.007 | 3.909.501 | 104.331.508 | 2 | 116.344.100 | 2.787.900 | 119.132.000 |
| 3 | 188.205.027 | 1.600.000 | 189.805.027 | 3 | 251.569.679 | 16.190.000 | 267.759.679 |
| 4 (not including Chapter 40) | 320.000.000 | - | 320.000.000 | 4 (not including Chapter 40) | 650.000.000 | - | 650.000.000 |
| 5 | 741.000.000 | - | 741.000.000 | 5 | 672.440.000 | - | 672.440.000 |
| 6 - 7 | 4.840.300.000 | - | 4.840.300.000 | 6 - 7 | 5.840.000.000 | 200.000.000 | 6.040.000.000 |
| 8 | 327.500.000 | - | 327.500.000 | 8 | 164.100.000 | - | 164.100.000 |
| 9 | 251.042.000 | 78.750 | 251.120.750 | 9 | 382.491.200 | 141.700 | 382.632.900 |
| 10 | 3.000.000 | - | 3.000.000 | 10 | 6.000.000 | - | 6.000.000 |
| TOTAL | 6.999.358.934 | 20.558.893 | 7.019.917.827 | TOTAL | 8.337.329.579 | 239.063.900 | 8.576.393.479 |
| CHAPTER 40 | 429.186.074 | - | 429.186.074 | CHAPTER 40 | 545.706.536 | - | 545.706.536 |
| GRAND TOTAL | 7.428.545.008 | 20.558.893 | 7.449.103.901 | GRAND TOTAL | 8.883.036.117 | 239.063.900 | 9.122.100.017 |

Annex

DISTRIBUTION OF THE APPROPRIATIONS IN CHAPTER 100
OVER RELEVANT CHAPTERS

BREAKDOWN BY RELEVANT CHAPTER

| | | 1976 | 1977 |
|----------------|----|------------|-------------|
| Chapter | 10 | 159.381 | 214.200 |
| | 11 | 13.848.469 | 18.811.600 |
| | 12 | 962.792 | 918.500 |
| | 25 | 100.000 | - |
| | 26 | 1.200.000 | - |
| | 27 | - | 146.000 |
| | 28 | 2.609.501 | 2.641.900 |
| | 30 | 50.000 | - |
| | 31 | 50.000 | 100.000 |
| | 36 | - | 16.090.000 |
| | 37 | 1.500.000 | 200.000.000 |
| Titles 6 and 7 | | - | |
| Chapter | 94 | 78.750 | 141.700 |
| Total | | 20.558.893 | 239.063.900 |

PART II

ANALYTICAL INFORMATION ON THE
VARIOUS BUDGET HEADINGS

SECTION A: EXPENDITURE

SECTION B: REVENUE

SUMMARY

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TITLE 1 **EXPENDITURE RELATING TO PERSONS WORKING WITH THE
INSTITUTION**

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CHAPTER 10 MEMBERS OF THE INSTITUTION

1. Legal basis

- Council Regulation No 422/67/EEC of 25 July 1967 (OJ No 187, 8 August 1967), as last amended by Council Regulation No 1546/73 of 4 June 1973 (OJ No L 155, 11 June 1973);
- Regulation No 143/76 of 20 January 1976 (OJ No L 15, 24 January 1976).

2. Type and breakdown of the expenditure

(a) Type

Expenditure to be charged to this Chapter covers:

- salaries, allowances, family allowances and the Institution's contribution to accident and sickness insurance and other social charges provided for Members of the Commission in service in 1977;
- temporary allowances and family allowances to former Members of the Commission;
- retirement, invalidity and survivors' pensions.

(b) Breakdown

The expenditure provided for concerns:

- 13 Members of the Commission
- 14 beneficiaries of the temporary allowance
- 27 beneficiaries of a retirement pension
- 10 beneficiaries of a survivors' pension

3. Method of calculation and explanation of changes

The appropriations entered take account of:

- the rights of beneficiaries acquired under the current system of emoluments;
- foreseeable changes up to the end of the 1977 financial year as to the number of those entitled to allowances (changes in the membership of the Commission, fewer or more beneficiaries of temporary allowances and of the pension);
- possible adjustments to the remunerations to be decided by the Council in 1976 in accordance with the table on page 6 (the effect of the foreseeable adjustments to be decided by the Council in 1977 is entered in Chapter 100).

The increase in appropriations is principally due to the following facts:

- the changes in the membership of the Commission in 1977 implies payment of a temporary allowance to the Members leaving the Commission,
- any adjustments to officials' salaries in 1976 automatically have repercussions on the emoluments of the Members of the Commission and additional appropriations must therefore be entered.

Explanation of changes

1976 Appropriation : 2.142.281 u.a. (of which 159.381 u.a. under Chapter 98)

1977 Appropriation : 2.756.200 u.a. (of which 214.100 u.a. under Chapter 100)

Percentage increase: + 28,65%.

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CHAPTER 11 - STAFF

A comparison of the appropriations for the financial years 1976 and 1977 reveals the following:

| <u>Article/Item</u> | <u>1976</u> | <u>1977</u> | |
|---------------------|--------------------|--------------------|-----------|
| 1100 | 88.938.050 | 93.577.600 | |
| 1101 | 9.554.900 | 9.992.700 | |
| 1102 | 11.558.250 | 12.141.600 | |
| 1103 | 748.100 | 844.700 | |
| 1110 | 662.300 | 587.700 | |
| 1111 | 239.800 | 200.000 | |
| 1112 | 6.835.100 | 7.416.500 | |
| 1113 | 236.000 | 61.900 | |
| 1120 | 2.778.500 | 3.478.300 | |
| 1121 | 1.221.100 | 1.292.200 | |
| 1122 | 1.750.500 | 2.075.800 | |
| 1123 | 1.473.200 | 1.000.000 | |
| 1130 | 4.533.100 | 5.244.700 | |
| 1131 | 1.052.850 | 986.500 | |
| 1140 | 60.000 | 107.800 | |
| 1141 | 1.425.950 | 1.681.900 | |
| 1142 | 3.400 | 3.400 | |
| 1143 | 234.100 | 329.100 | |
| 1144 | 173.100 | 169.900 | |
| 1145 | 16.200 | 18.700 | |
| 1146 | 9.500 | 16.400 | |
| 1147 | 49.800 | 49.800 | |
| 1149 | 9.200 | 7.000 | |
| 115 | 1.230.000 | 1.230.000 | |
| 116 | 58.023.800 | 78.316.600 | |
| 1170 | 5.603.000 | 2.767.000 | |
| 1171 | 298.500 | 344.000 | |
| 1172 | 1.782.300 | 2.126.000 | |
| 1173 | 728.800 | 800.000 | |
| | | | |
| <u>TOTAL</u> | 201.229.400 | 226.868.400 | = +12,74% |
| + Chap. 98 | 13.848.469 | - | |
| + Chap. 100 | - | 18.811.600 | |
| | | | |
| | <u>215.077.869</u> | <u>245.680.000</u> | = +14,23% |

A. Statutory staff

This section covers staff, permanent and temporary, authorized by the list of posts in Annex to the general budget and for whom the appropriations to cover salaries and the Institution's contributions are entered in the following items and articles:

Items 1100, 1101, 1102, 1103, 1130, 1131; Articles 115 and 116.

1. Legal basis

- Articles 56, 62, 64 to 69, 72, 73 and 81
- Sections 1, 2 and 2a of Annex VII
- Article 15 of Annex VIII of the Staff Regulations applicable to officials of the European Communities.

2. Type and breakdown of the expenditure

(a) Type

The expenditure to be charged to the following items and articles covers:

- Item 1100 - Basic salaries
- Item 1101 - Family allowances
Dependent child allowances
Education allowances
- Item 1102 - Expatriation allowances
- Item 1103 - Temporary fixed allowances
- Item 1130 - The Institution's contribution to the sickness insurance scheme
- Item 1131 - The Institution's contribution to insurance against accidents and occupational diseases
- additional expenditure resulting from the application of the rules in this connection
- Article 115 - Flat-rate allowances and remuneration at hourly rates for overtime by officials and auxiliary staff in Categories C and D and by local staff
- Article 116 - The salary weightings applicable to the remuneration of officials and auxiliary staff, to pensions and to officials' overtime

(b) Breakdown

On the basis of the list of posts for 1976, expenditure forecast for 1977 refers to the following number of posts:

| | |
|---|-------------|
| Total authorized posts - permanent and temporary | 7.983 |
| - less those of the Supply Agency (the staff appropriations of the Agency being included in the subsidy entered in Article 280) | - 19 |
| | <hr/> 7.964 |

Added to this are:

| | |
|--|-------|
| - the new posts requested for the 1977 financial year | + 408 |
| - the posts transferred from the list of posts covered by the research and investment budget | + 5 |
| - the transformation of local staff posts into permanent posts | + 28 |
| | <hr/> |
| Total | 8.405 |
| | <hr/> |

The budgetary implications for Chapter 11 are as follows:

| | |
|--|----------------------|
| - the 408 new posts | 3.839.500 u.a. |
| - the 5 transfers (the appropriations allocated to the research and investment budget have been reduced by the same amount) | 208.000 u.a. |
| - the 28 transformations | 19.900 u.a. |
| | <hr/> 4.067.500 u.a. |
| + the implications for Chapter 100 | 337.627 u.a. |
| | <hr/> |
| Total | 4.405.127 u.a. |
| | <hr/> |

3. Method of calculation and explanation of changes

The appropriations entered take account of:

- the level of the acquired remuneration rights of staff in service according to the basic salary scale in force since 1 July 1974, and the salary weightings applicable since 1 July 1975,
- the increments due to officials in service before 31 December 1977,
- temporarily vacant posts for which the value in appropriations has been calculated on the basis of a classification in step 2,
- possible salary adjustments to be decided by the Council in 1976, according to the table on page 110 (the results of the adjustments to be decided in 1977 are entered in Chapter 100),

ESTIMATES FOR THE ADJUSTMENT OF REMUNERATIONS
IN THE 1976 AND 1977 FINANCIAL YEARS

FORMER METHOD

| REFERENCE PERIOD | COUNCIL DECISION | EFFECT FROM | RATE IN % | BUDGETARY REPERCUSSIONS FOR 1977 FINANCIAL YEAR | ENTRY IN THE BUDGET |
|---|---------------------|----------------|--------------|---|---|
| A. DECISIONS TO BE TAKEN BEFORE 31 DECEMBER 1976 ===== | | | | | |
| I. PURCHASING POWER | | | | | |
| (a) 1.7.1975-30.6.1976 | December 1976 | 1.7.1976 | 2,8 | Over 12 months | + 2,8% Under the relevant articles/items in Chapters 10, 11, 12, 28 and 94 |
| II. SALARY WEIGHTING | | | | | |
| (a) 1.7.1975-31.12.1975 | June 1976 | 1.1.1976 | 6,7 | Over 12 months | + 6,7% |
| (b) 1.1.1976-30.6.1976 | December 1976 | 1.7.1976 | 5 | Over 12 months | + 5% |
| ===== | | | | | |
| B. DECISIONS TO BE TAKEN DURING THE 1977 FINANCIAL YEAR ===== | | | | | |
| I. PURCHASING POWER | | | | | |
| 1.7.1976-30.6.1977 | December 1977 | 1.7.1977 | 3 | Over 6 months = 3%, which corresponds, when applied to appropriations for 12 months, to a rate of | + 1,5% |
| II. SALARY WEIGHTING | | | | | |
| (a) 1.7.1976-31.12.1976 | April/May 1977 | 1.1.1977 | 4,8 | Over 12 months = | + 4,8% Under Chapter 100 |
| (b) 1.1.1977-30.6.1977 | December 1977 | 1.7.1977 | 4,5 | Over 6 months = 4.5%, which corresponds, applied to approp- riations for 12 months, to a rate of | + 2,25% |

NB. The rate of increase of the salary weighting refers to the following places of employment: Brussels and Luxembourg.

(b) Breakdown

On the basis of the list of posts for 1976, expenditure forecast for 1977 refers to the following number of posts:

| | |
|---|-------|
| Total authorized posts - permanent and temporary | 7.983 |
| - less those of the Supply Agency (the staff appropriations of the Agency being included in the subsidy entered in Article 280) | - 19 |
| | <hr/> |
| | 7.964 |

Added to this are:

| | |
|--|-------|
| - the new posts requested for the 1977 financial year | + 408 |
| - the posts transferred from the list of posts covered by the research and investment budget | + 5 |
| - the transformation of local staff posts into permanent posts | + 28 |
| | <hr/> |
| Total | 8.405 |
| | <hr/> |

The budgetary implications for Chapter 11 are as follows:

| | |
|--|----------------|
| - the 408 new posts | 3.839.500 u.a. |
| - the 5 transfers (the appropriations allocated to the research and investment budget have been reduced by the same amount) | 208.000 u.a. |
| - the 28 transformations | 19.900 u.a. |
| | <hr/> |
| | 4.067.500 u.a. |
| + the implications for Chapter 100 | 337.627 u.a. |
| | <hr/> |
| Total | 4.405.127 u.a. |
| | <hr/> |

3. Method of calculation and explanation of changes

The appropriations entered take account of:

- the level of the acquired remuneration rights of staff in service according to the basic salary scale in force since 1 July 1974, and the salary weightings applicable since 1 July 1975,
- the increments due to officials in service before 31 December 1977,
- temporarily vacant posts for which the value in appropriations has been calculated on the basis of a classification in step 2,
- possible salary adjustments to be decided by the Council in 1976, according to the table on page 110 (the results of the adjustments to be decided in 1977 are entered in Chapter 100),

ESTIMATES FOR THE ADJUSTMENT OF REMUNERATIONS
IN THE 1976 AND 1977 FINANCIAL YEARS

FORMER METHOD

| REFERENCE PERIOD | COUNCIL DECISION | EFFECT FROM | RATE IN % | BUDGETARY REPERCUSSIONS FOR 1977 FINANCIAL YEAR | ENTRY IN THE BUDGET |
|--|---------------------|----------------|--------------|---|---|
| A. DECISIONS TO BE TAKEN BEFORE 31 DECEMBER 1976 | | | | | |
| I. PURCHASING POWER | | | | | |
| (a) 1.7.1975-30.6.1976 | December 1976 | 1.7.1976 | 2,8 | Over 12 months | + 2,8% Under the relevant articles/items in Chapters 10, 11, 12, 28 and 94 |
| II. SALARY WEIGHTING | | | | | |
| (a) 1.7.1975-31.12.1975 | June 1976 | 1.1.1976 | 6,7 | Over 12 months | + 6,7% |
| (b) 1.1.1976-30.6.1976 | December 1976 | 1.7.1976 | 5 | Over 12 months | + 5% |
| B. DECISIONS TO BE TAKEN DURING THE 1977 FINANCIAL YEAR | | | | | |
| I. PURCHASING POWER | | | | | |
| 1.7.1976-30.6.1977 | December 1977 | 1.7.1977 | 3 | Over 6 months = 3%, which corresponds, when applied to appropriations for 12 months, to a rate of | + 1,5% |
| II. SALARY WEIGHTING | | | | | |
| (a) 1.7.1976-31.12.1976 | April/May 1977 | 1.1.1977 | 4,8 | Over 12 months = | + 4,8% Under Chapter 100 |
| (b) 1.1.1977-30.6.1977 | December 1977 | 1.7.1977 | 4,5 | Over 6 months = 4.5%, which corresponds, applied to approp- riations for 12 months, to a rate of | + 2,25% |

NB. The rate of increase of the salary weighting refers to the following places of employment: Brussels and Luxembourg.

- amounts required to remunerate the holders of the 408 new posts over 6 months. The calculation is based on a classification in step 2,
- amounts required to remunerate the holders of the posts transferred from the research and investment budget, of the local staff posts transformed into permanent posts and of certain posts which have been reclassified or upgraded to correspond to the level of the tasks involved.

The appropriations required under Items 1101 (Family allowances) and 1102 (Expatriation allowances) have been determined by application of the rate of 10,7% for Item 1101 and the rate of $\pm 13\%$ for Item 1102 to the appropriations required under Item 1100 (Basic salaries).

The rates thus applied are based on the real expenditure on this count recorded at the end of the 1975 financial year in relation to real expenditure on basic salaries.

The appropriations provided for under Item 1103 (Fixed temporary allowances) cover the following numbers of beneficiaries:

| | | |
|-------------------------|---|------------|
| Grades C/1, C/2 and C/3 | - | 2.130 |
| Grades C/4 and C/5 | - | <u>338</u> |
| | | 2.468 |

To these must be added the new posts for 1977:

| | | | |
|--|---|-------------|--------------|
| Grades C/1, C/2 and C/3 | - | + 156 | |
| minus the planned transformations of posts into BS posts | | <u>- 13</u> | |
| | | + 143 | |
| Grades C/4 and C/5 | | <u>+ 24</u> | + 167 |
| Total | | | <u>2.635</u> |

The allowance in question at present stands at:

Bfrs 1.417 per month for Grades C/1, C/2 and C/3

Bfrs 924 per month for Grades C/4 and C/5.

The new posts for 1977 have been taken into consideration for a 6-month period.

The appropriations under Item 1130 (Sickness insurance) represent 3%, increased by the salary weighting applied to the basic salaries. This item also covers the recipients of pension.

The premiums to be paid in connection with Item 1131 (Insurance against accidents and occupational diseases), allowing for the contributions borne by the insured persons in accordance with the Staff Regulations, necessitate the entry of a sum under Item 1131 which represents the Institution's share. At present this contribution represents 0,9672% of the appropriations for Item 1100.

By strict application of the principle of granting time in lieu as compensation for overtime worked, it will be possible to keep the appropriation requirements under Article 115 in 1977 to the 1976 level. Requirements for overtime worked by local staff amount to 117.465 u.a. and are included in the total.

The calculation of the appropriations under Article 116 (salary weightings) is based, where they are allocated, on the appropriations entered under Items 1100 to 1103, 1110 and 1111, 1120 to 1122 and Article 115.

The calculation thus covers:

- the present level of salary weightings decided by the Council
- any adjustments to these weightings to be decided by the Council in 1976 according to the table on page 110 (the effect of the adjustments to be decided in 1977 is entered in Chapter 100).

x x x

x

The increase in the appropriations is due to the following:

- the costs to be borne for 12 months in 1977 of the 180 new posts created in 1976, in respect of which appropriations were granted to cover only six months in 1976,
- the costs of increments for 3.638 officials in 1977.

It should be noted that the supplementary appropriation requirements arising from these two causes are ineluctable in 1977, even if the staff complement and remuneration levels remain the same as in 1976.

In addition to these factors, there is:

- the effect of the new posts for 1977, calculated for a six-month period,
- the effect of the posts to be transferred, reclassified and transformed,
- the adjustments to remunerations to be decided by the Council in 1976 in accordance with the table on page (the effect of the adjustments to be decided in 1977 is entered in Chapter 100).

B. Other staff

This section covers the appropriations for "other staff" entered under Items 1110, 1111, 1112 and 1113.

1. Legal basis

- Articles 3, 4 and 5, and
- Titles III, IV and V of the Conditions of Employment of Other Servants of the Communities.

2. Type and breakdown of the expenditure

(a) Type

The expenditure to be charged to the following items covers:

| | | |
|---------------------------------------|---|--|
| Item 1110 (Auxiliary staff) | } | Remunerations and the Institution's contributions to the social security scheme for auxiliary staff, excluding the amounts paid in the form of salary weightings, which are charged to Article 116 |
| Item 1111 (Auxiliary interpreters) | | |
| Item 1112 (Local staff) | | Remunerations and the Institution's contributions to the social security scheme for local staff |
| Item 1113 (Special advisers) | | Remunerations, mission expenses and the Institution's contributions to the accident insurance scheme for special advisers |

(b) Breakdown

The expenditure relates to:

90 auxiliary staff:

Brussels 68 (category C only)

Luxembourg 17 (1 of category A (the Secretary-General of the ECSC Consultative Committee) and 16 auxiliaries of category C)

Office for Official Publications 5 (category C only)

94 auxiliary interpreters (category A)

613 local staff:

Brussels 281

Luxembourg 84

Office for Official Publications 40

Offices abroad 208

613

The changes for the number for 1976 are as follows:

| | <u>1976</u> | <u>Changes</u> | <u>1977</u> |
|--|-------------|----------------|-------------|
| <u>Brussels</u> | | | |
| - Reclassification of posts | | - 3 | |
| - Appointment of local staff to permanent posts, in accordance with the legal provisions | | -13 | |
| - Requests for new posts | | + 5 | |
| | 292 | -11 | 281 |
| <hr/> | | | |
| <u>Luxembourg</u> | | | |
| - Appointment of local staff to permanent posts, in accordance with the legal provisions | | - 7 | |
| - Requests for new posts | | + 6 | |
| | 85 | - 1 | 84 |
| <hr/> | | | |
| <u>Office for Official Publications</u> | | | |
| - Appointment of local staff to permanent posts, in accordance with the legal provisions | 45 | - 5 | 40 |
| <hr/> | | | |
| <u>External offices</u> | | | |
| - Requests for new posts | 175 | +33 | 208 |
| <hr/> | | | |
| GRAND TOTAL | <u>597</u> | +16 | <u>613</u> |
| <hr/> | | | |

The breakdown by place of employment of the 33 extra staff for the delegations and external offices is as follows:

| Place of employment | Number of local staff | | |
|--|-----------------------|-----------------------|------------|
| | 1976 | extra staff requested | Total 1977 |
| <u>Delegations and external offices:</u> | | | |
| ANKARA | 5 | + 2 | 7 |
| ATHENS | 4 | + 3 | 7 |
| BERLIN | 3 | - | 3 |
| BONN | 10 | - | 10 |
| CARDIFF | 2 | - | 2 |
| COPENHAGEN | 4 | + 4 | 8 |
| DUBLIN | 4 | + 1 | 5 |
| EDINBURGH | 2 | - | 2 |
| GENEVA | 12 | + 1 | 13 |
| THE HAGUE | 6 | + 2 | 8 |
| LIMA | 3 | + 4 | 7 |
| LONDON | 11 | + 1 | 12 |
| NEW YORK | 8 | + 2 | 10 |
| OTTAWA | 9 | + 5 | 14 |
| PARIS | 11 | + 2 | 13 |
| ROME | 13 | - | 13 |
| SANTIAGO | 12 | - | 12 |
| TOKYO | 15 | + 5 | 20 |
| WASHINGTON | 41 | + 1 | 42 |
| Total for Delegations and external offices | 175 | + 33 | 208 |

3. Method of calculation and explanation of changes

The appropriations entered take account of the following:

- for auxiliaries
the current level of remunerations (scale applicable since 1 July 1974 and salary weighting in force since 1 July 1975) and possible adjustments to remunerations to be decided by the Council in 1976 according to the table on page 110 (the effects of the adjustments to be decided in 1977 is entered in Chapter 100).
- for auxiliary interpreters
the same level of remunerations as described above.
Taking into account the appropriation of 200.000 u.a.
to which the sum of 1.642.500 u.a.
can be added as provision has been made for its re-use,
the Commission will, in 1977, have 1.842.500 u.a.
available
- for local staff
the current level of remunerations and estimates of adjustments to be made before 31 December 1977 according to conditions in the places to which the staff are assigned
- for special advisers
a rate of Bfrs.3.750 per day of services rendered, the Institution's costs for accident insurance and an estimate for mission expenses.

The reduction in appropriations provided for auxiliary staff is due to the fact that the maximum duration of a contract is 12 months. The result is a constant turnover of staff, with substantial financial implications, mainly because of the differences in family situations (e.g., more unmarried people) and in geographic origin (e.g., fewer staff receiving the expatriation allowance). For this reason the average amounts paid at present are lower than the estimates for 1976. However, the calculation for 1977 has been made on the basis of current data.

The increase in the requirements for local staff results from:

- the estimate of adjustments to be made before 31 December 1977
- the larger number of local staff
- the need for a reserve to cover the remunerations and the Institution's contributions to the social security scheme for 6 months in respect of the local staff whose posts are to be made permanent, as the appropriations provided for those permanent posts cover only 6 months.

The appropriation entered for special advisers is decreasing. This is due in particular to the fact that the new Head of the Washington Delegation, who is an official of the Commission, is no longer counted as a special adviser.

C. Pensions and severance grants

This section covers the appropriations entered under Items 1120, 1121, 1122 and 1123.

1. Legal basis

- Articles 77, 78 and 80 of the Staff Regulations
- Annex VIII of the Staff Regulations
- Article 39 of the Conditions of Employment of Other Servants of the European Communities

2. Type and breakdown of the expenditure

(a) Type

The appropriations in question cover the following expenditure:

- Item 1120: Retirement pensions for former permanent and temporary officials
- Item 1121: Invalidity pensions for former permanent and temporary officials
- Item 1122: Survivors' and widows' or orphans' pensions in respect of former permanent and temporary officials
- Item 1123: Severance grants for former permanent and temporary officials

(b) Breakdown

The appropriations entered relate not only to former officials of the Commission but also to expenditure in respect of former officials of the other Institutions and those covered by the Research and Investment Budget, so that the sums entered in their Statements of Expenditure are reduced by the amounts in question.

The number of persons receiving a pension under Items 1120, 1121 and 1122 has risen as follows:

| | Number of beneficiaries, end of 1976 | Probable changes | Number of beneficiaries, end of 1977 |
|------------------|--|---------------------|--|
| Parliament | 88 | + 15 | 103 |
| Council | 104 | + 22 | 126 |
| Commission | 968 | + 133 | 1.101 |
| Court of Justice | 46 | + 5 | 51 |
| | 1.206 | + 175 | 1.381 |

The following two tables give details of beneficiaries by Item and Institution, as forecast for the end of the 1976 and 1977 financial years:

| <u>End of 1976</u> | | | | | |
|--------------------|-----------|-----------|-----------------------------|-----|-------|
| | Item 1120 | Item 1121 | Item 1122 widows orphans | | Total |
| Parliament | 23 | 21 | 16 | 28 | 88 |
| Council | 27 | 15 | 23 | 39 | 104 |
| Commission | 353 | 120 | 193 | 302 | 968 |
| Court of Justice | 15 | 11 | 7 | 13 | 46 |
| | 418 | 167 | 239 | 382 | 1.206 |
| | | | 621 | | ----- |

| <u>End of 1977</u> | | | | | |
|--------------------|-----------|-----------|-----------------------------|-----|-------|
| | Item 1120 | Item 1121 | Item 1122 widows orphans | | Total |
| Parliament | 30 | 24 | 18 | 31 | 103 |
| Council | 34 | 21 | 25 | 46 | 126 |
| Commission | 413 | 130 | 218 | 340 | 1.101 |
| Court of Justice | 16 | 12 | 8 | 15 | 51 |
| | 493 | 187 | 269 | 432 | 1.381 |
| | | | 701 | | ----- |

3. Method of calculation and explanations of changes

The appropriations for the payment of pensions take account of:

- the present level of acquired rights in accordance with the basic salary scale in force since 1 July 1974;
- any adjustment in the basic salary scale which the Council may decide during 1976 in accordance with the table given on page 110 (a sum to cover the consequences of any adjustments decided in 1977 is entered in Chapter 100);
- the number of persons receiving a pension for the first time in 1977.

The increase in the appropriations is entirely due to foreseeable adjustments and the growing number of beneficiaries.

Expenditure on severance grants has decreased over the last few years. The request for appropriations therefore reflects this trend. Hence the appropriation has decreased

from 2.000.000 u.a. in 1975
to 1.473.200 u.a. in 1976

The estimate of 1.000.000 u.a. for 1977 is a lump sum.

D. Miscellaneous allowances and grants

This section covers the appropriations entered under Items 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147 and 1149.

1. Legal basis

- Articles 34, 56(a) and (b), 70, 74 and 75 of the Staff Regulations;
- Articles 8, 14, 14(a) and (b) and 15 of Annex VII of the Staff Regulations;
- Articles 42 and 47 of the Conditions of Employment of Other Servants of the European Communities;
- Article 95 of the ECSC Staff Regulations;
- Article 78 of the Financial Regulation;
- Regulation 78 of the Financial Regulation;
- Regulation No 6/66/Euratom, 121/66/EEC of the Council of 28 July 1966;
- Regulation No 7/66/Euratom, 122/66/EEC of the Council of 28 July 1966.

2. Type and breakdown of the expenditure

(a) Type

The expenditure to be charged to the following Items covers:

- Item 1140: Maternity grants (Bfrs 7.000) to officials in the event of the birth of a child

In the event of an official's death:

- (a) the deceased's full remuneration until the end of the third month following that in which the death occurred
- (b) the costs involved in transporting the body to the official's place of origin

- Item 1141: Annual leave travel costs for official and temporary members of staff, their spouses and dependents, from the place of employment to the place of origin, subject to the following conditions:
 - once in each calendar year if the distance by rail is more than 50 km but less than 725 km
 - twice in each calendar year if the distance by rail is at least 725 km
- Item 1142: Accommodation allowances for officials employed in places where the accommodation conditions are recognized as being particularly difficult

Travel allowances for officials employed in places where transport is recognized as being particularly difficult and costly because of the distance between place of residence and place of work
- Item 1143: a flat-rate allowance for officials who, by reason of their duties, regularly incur entertainment expenses

charging to the Institution, in special cases, of part of the cost of accommodation for officials who regularly incur entertainment expenses in the course of their duties.
- Item 1144: a travel allowance of Bfrs 3.000 per month for officials in Grades A1 and A2 who do not have an official car at their disposal. The allowance takes the form of the flat-rate reimbursement of the cost of travel within the boundaries of the city where the officials are employed

the allowance may not exceed Bfrs 3.000 for officials in grades other than A1 and A2 whose duties frequently require them to make journeys for which they are authorized to use their own car
- Item 1145: a special allowance for officials with the grade of accounting officer, assistant accounting officer or imprest-holder

- Item 1146: payments by the Institution in favour of temporary staff to create or maintain pension rights in the country of origin of those temporary staff. Those appropriations provided for temporary staff covered by the Research and Investment Budget are entered in Chapter 100 of the General Budget pending the revision of the Staff Regulations applicable to such staff
- Item 1147: allowances for shift work, rota work or standby duty at the official's place of work or at home
- Item 1149: compensatory allowances granted to officials of the former High Authority who, when their salary was calculated pursuant to the provisions of the ECSC Staff Regulations of 1962, suffered a reduction in their net salary

allowances in the case of the dismissal of probationary officials for obvious inadequacy

allowance in the case of the cancellation of the contract of a temporary official by the Institution

(b) Breakdown

The number of persons benefiting from the allowances and grants described obviously varies for each Item.

3. Method of calculation and explanations of changes

The calculation of the requirements in appropriations is based on the current situation as regards the number of beneficiaries, the level of the various grants and allowances, and foreseeable changes in 1977.

The increase in the appropriations is chiefly due to the following:

- Item 1141 (Travel expenses on annual leave): considerable rise in transport costs and increase in the number of beneficiaries (new posts in 1977);
- Item 1143 (Flat-rate allowances for expenses incurred on duty):
 - (a) allowances for the Head of the Washington Delegation (previously charged to Item 1113, Special Advisers) and of the Ottawa Delegation;
 - (b) increase in requirements following the opening of new overseas offices and delegations
 - (c) the probable increase in rents in some places of employment.

E. Supplementary services

This section covers the appropriations entered under Items 1170, 1171, 1172 and 1173.

1. Legal basis

- Items 1170 to 1172: there are no specific statutory provisions. These appropriations are required for the administration of the Commission;
- Item 1173: rules and procedures decided by the Commission on 9 January 1976.

2. Type and breakdown of the expenditure

(a) Type

The following expenditure is charged under the relevant Items:

- Item 1170: services provided by freelance interpreters and conference technicians at meetings held by the Commission or other Institutions where the necessary services cannot be provided by Commission officials.
The appropriation also covers the travel expenses of freelance interpreters and conference technicians.
- Item 1171: services of freelance proof-readers, particularly for the Office for Official Publications, to ensure the performance of work which cannot be done by Commission officials alone. The appropriation also covers the travel expenses of freelance proof-readers.
- Item 1172: the employment of temporary staff, particularly telex operators for the DG for Agriculture and shorthand/typists for all the Commission's departments.
- Translation, reproduction and typing which cannot be done by the Commission's own departments and is sent out.
- Item 1173: travel and subsistence expenses of national experts either seconded to the Commission departments or called on for short-term consultations to assist Commission officials, particularly in the drafting of proposals for Council directives on harmonization in certain sectors of the Commission's activities.

(b) Breakdown

- Item 1170

Interpreting done for other Institutions is paid for by the beneficiaries. These payments are entered for re-use and are thus added to the appropriation under this Item.

Allowing for the re-use of 4.732.500 u.a., the Commission will have available, for freelance interpreters: 7.432.500 u.a.
for conference technicians: 67.000 u.a.

- Item 1171

Most of the appropriations are set aside for the Office for Official Publications: 300.000 u.a.

The balance is for the Commission: 44.000 u.a.

- Item 1172

The sum set aside for temporary staff - of which there are 50 (Category C) - is currently the essential minimum: 869.300 u.a.

The appropriation set aside for translation and typing work to be sent out is: 1.257.300 u.a.

- Item 1173

Most of the appropriations are set aside for the Administration of the Customs Union, Industrial Affairs, Social Affairs and Agriculture.

In addition, some of the other departments require the assistance of national experts from time to time for periods of a few months only.

3. Method of calculation and explanation of changes

The estimates take account of:

- present level of fees
- foreseeable adjustments
- expansion of activities in 1977

The biggest increase is in the appropriations entered under Item 1172 and is chiefly due to the fact that both the salaries for temporary staff and the cost of work sent out are keeping pace with the rising cost of living.

CHAPTER 12 - ALLOWANCES AND EXPENSES ON ENTERING AND ON LEAVING
THE SERVICE AND ON TRANSFER

A comparison of the appropriations for the financial years 1976 and 1977 is given below:

| <u>Article/item</u> | <u>1976</u> | <u>1977</u> |
|---------------------|-------------|----------------------|
| 120 | 702.000 | 624.00 |
| 1210 | token entry | 10.400 |
| 1211 | 232.400 | 313.700 |
| 1220 | token entry | 215.400 |
| 1221 | 1.212.350 | 1.393.200 |
| 1230 | token entry | 156.000 |
| 1231 | 1.201.400 | 1.419.300 |
| 1240 | token entry | (|
| 1241 | 816.350 | (1.050.000 |
| 1250 | 104.500 | 155.700 |
| 1251 | 647.000 | 344.900 |
| 1252 | 7.706.400 | 6.197.200 |
| 1253 | 2.511.500 | 2.156.200 |
| | <hr/> | <hr/> |
| <u>TOTAL</u> | 15.133.900 | 14.036.000 = - 7,25% |
| + Chap. 98 | 962.792 | - |
| + Chap.100 | - | 918.500 |
| | <hr/> | <hr/> |
| | 16.096.692 | 14.954.500 = - 7,09% |
| | <hr/> | <hr/> |

CHAPTER 12

This Chapter covers:

- (a) expenditure arising from recruiting procedures, and officials taking up duties, leaving the Institution or transferring (Article 120, Items 1210 to 1231 and Article 124)
- (b) allowances connected with placing on non-active status, retirement in the interests of the service and dismissal (Items 1250 to 1253).

1. Legal basis

- (a) - Articles 27 to 31, 33 and 71 of the Staff Regulations;
- Annex III of the Staff Regulations;
- Articles 5 to 7, 9 and 10 of Annex VII of the Staff Regulations;
- The scheme of emoluments of the Members of the Commission.
- (b) - Articles 41 to 50 of the Staff Regulations and Annex IV;
- Council Regulation No 259/68;
- Council Regulation No 2530/72;
- Council Regulation No 1543/73.

2. Type and breakdown of the expenditure

(a) Type

Expenditure to be charged to the following Articles and Items covers:

- Article 120: public notices
travel and subsistence costs and accident insurance for candidates called for examinations and interviews
the organization of collective recruiting tests and examinations (hiring of halls, furniture, machines, marking of papers)
recruitment medical examinations
- Item 1210 : travel expenses due to Members of the Commission (including their families) upon taking up duties or leaving the Institution
- Item 1211 : travel expenses due to officials (including their families) upon taking up duties, leaving the Institution or being transferred
- Item 1220 : installation and re-settlement allowances due a Member of the Commission upon taking up his duties or leaving the Institution
- Item 1221 : installation and re-settlement allowances due to officials obliged to change their place of residence upon taking up their duties, upon transfer to new places of work, and upon finally leaving the Institution and re-settling elsewhere

- Item 1230 : removal expenses due to Members of the Commission upon taking up their duties or upon leaving the Institution
- Item 1231 : removal expenses due to officials obliged to change their places of residence upon taking up duties, upon transfer to a new place of work, and upon finally leaving the Institution and re-settling elsewhere
- Article 124: temporary daily subsistence allowances due to officials who furnish evidence that they must change their places of residence upon taking up their duties and upon transfer to a new place of employment
- Item 1250 : allowance for officials:
 - placed on non-active status following a reduction in the number of posts in the Institution
 - holding a post in Grade A1 or A2 who are retired in the interests of the service
- Item 1251 : allowances to be paid to officials affected by measures terminating their employment in the interests of the service in the rationalizing of the Commission's departments after the merging of the ECSC High Authority and the EEC and Euratom Commissions in a single Commission of the European Communities
- Item 1252 : allowances to be paid to officials affected by measures terminating their employment in the interests of the service to take account of the requirements resulting from the accession of new Member States to the Communities
- Item 1253 : allowances to be paid to officials affected by measures terminating their employment to take account of exceptional circumstances arising from the adoption of research programmes which require a cut in the number of posts shown in the list of posts paid for from European Atomic Energy Community research and investment appropriations, and from the accession of new Member States to the European Communities

(b) Breakdown

The appropriations entered under these headings break down as follows:

| | | |
|----------------|------------------|--------------|
| - Article 120: | Brussels | 593.000 u.a. |
| | Luxembourg | 20.000 u.a. |
| | External Offices | 11.000 u.a. |

- Item 1210 } - half of the appropriations entered under these
- Item 1230 } items relate to Members of the Commission
- } leaving the Institution and half to new Members
- } of the Commission taking up their duties
- Item 1220 - one-third of the appropriations entered under
- this Item relates to Members of the Commission
- leaving the Institution (who are entitled to one
- basic salary), and
- two-thirds to new Members of the Commission
- taking up their duties (who are entitled to two
- basic salaries)
- Item 1211 } - as regards the posts already authorized in the
- Item 1221 } list of posts for the 1976 financial year, the
- Item 1231 } calculation of the appropriations required is
- Article 124 } based on the estimated number of beneficiaries,
- taking into account the experience of the last
- few years in respect of turnover and movements
- of staff

To these forecasts are to be added the appropriations required for the new posts to be created in 1977, namely 408 posts.

Thus the total appropriations required can be shown as follows:

| | <u>in u.a.</u> | | | |
|-----------------------------|----------------|-------------|-------------|----------------|
| | <u>Item</u> | <u>Item</u> | <u>Item</u> | <u>Article</u> |
| | 1211 | 1221 | 1231 | 124 |
| - Posts authorized for 1976 | 225.300 | 1.033.800 | 916.100 | 637.600 |
| - New posts for 1977 | 88.400 | 359.400 | 503.200 | 412.400 |

The details for persons receiving allowances chargeable to Items 1250 and 1253 are as follows:

| | <u>beginning</u> | <u>end</u> |
|-------------|-------------------------------|------------|
| | <u>of 1977 financial year</u> | |
| - Item 1250 | 5 | 4 |
| - Item 1251 | 11 | 9 |
| - Item 1252 | 199 | 171 |
| - Item 1253 | 103 | 101 |

3. Method of calculation and explanations of changes

The forecasts are based on the latest expenditure and take account of factors likely to affect the level of certain categories of expenditure between now and the end of 1977. In this way a number of "average rates" have been established.

In particular:

- Article 120: flat-rate estimate. The estimated requirements for 1977 are lower than the 1976 appropriations
- Item 1210) the estimates take into account the rights of the
- Item 1220): Members of the Commission, as set out in the scheme of
- Item 1230) emoluments, and the geographical distribution and expenditure arising therefrom in respect of travel costs and the reimbursement of removal costs. The appropriations entered for 1977 (token entry in 1976) anticipate the forthcoming changes in the membership of the Commission
- Item 1211: the estimate is based on an average cost of some + 220 u.a. in 1977, which reflects past experience
- Item 1221: the estimate is based on present salary levels (salary scale applicable since 1 July 1974, salary weighting applicable since 1 July 1975), but takes account of adjustments that may be made in 1976 in accordance with the table on page 110. A sum to cover any adjustments decided by the Council in 1977 is entered in Chapter 100
- Item 1231: the estimate is based on an average cost of some + 1.770 u.a. in 1977, which reflects past experience
- Article 124: the estimate is based on the current daily subsistence allowances, but takes into account any adjustments in the purchasing power as from 1 July 1976 (see table on page 110. A sum to cover any adjustments decided at a later date with effect from 1 July 1977 is entered in Chapter 100

The increase in the appropriations under Items 1211, 1221 and 1231 and Article 124 is due:

- mainly to the increase in the number of new posts requested for 1977 compared with the number authorized for 1976, and
- to the real increase in the cost of certain categories of refunds

- Item 1250)
 - Item 1251)
 - Item 1252)
 - Item 1253)
- the estimates are based on current salary levels (salary scale in force since 1 July 1974, salary weighting applicable since 1 July 1975), but takes into account any adjustments to be decided by the Council in 1976 in accordance with the table given on page .
- A sum to cover any adjustments to be decided in 1977 is entered in Chapter 100

The appropriations under Item 1250 are greater as a result of the growing number of persons receiving the allowance in question. On the other hand, the appropriations under Items 1251, 1252 and 1253 are considerably lower reflecting the drop in the number of beneficiaries from one year to the next.

Historical Archives of the European Commission

CHAPTER 13 EXPENDITURE RELATING TO MISSIONS AND DUTY TRAVEL

| Article | Item | Heading | Appropriations 1976 | Forecasts 1977 | Changes | |
|---------|------|--|------------------------|-------------------|-----------|------|
| | | | | | Amount | % |
| 130 | | Mission expenses, travel expenses and additional expenditure | | | | |
| | 1300 | Members of the Commission | 460.000 | 505.00 | + 45.000 | 9,78 |
| | 1301 | Staff | 5.990.000 | 6.580.000 | + 590.000 | 9,85 |
| | 1302 | Special equipment | 25.000 | 27.500 | + 2.500 | 10,- |
| | | Article 130 - Total | 6.475.000 | 7.112.500 | + 637.500 | 9,85 |
| | | Chapter 13 - Total | 6.475.000 | 7.112.500 | + 637.500 | 9,85 |

1. Legal basis

The right to reimbursement of expenses incurred by Members of the Commission or by the officials and other servants of the European Communities in the performance of their duties, and the conditions and limits within which such expenses may be reimbursed, are governed by the following regulations:

- Article 6 of the "Emoluments of Members of the Commission";
- Article 71 of the Staff Regulations and Articles 22 and 67 of the "Conditions of Employment of Other Servants of the European Communities;
- Articles 11, 12 and 13 of Annex VII of the Staff Regulations;
- Rules on the conditions for the reimbursement of travel expenses for missions carried out under particularly tiring conditions (adopted by the Council on 2 October 1974 in implementation of the third paragraph of Article 12(2) of Annex VII of the Staff Regulations);
- Commission Decision of 19 December 1973 laying down the allowances for missions of long duration to Geneva (implementation of Article 13(8) of Annex VII of the Staff Regulations);
- Commission Decision on the use by officials in Grades A1 to A3 of the class immediately below the first when travelling by air on missions in Europe, taken on 16 October 1974;
- Rules on the conditions for the reimbursement of expenses incurred in acquiring tropical equipment for the purpose of a mission, adopted by the Commission on 8 June 1973.

It should further be noted that the daily subsistence allowances are periodically amended by the Council acting on a proposal from the Commission (implementation of Article 13(10) of Annex VII of the Staff Regulations).

2. Type and breakdown of expenditure

(a) Type

The following may be the subject of reimbursement or payment:

- travel expenses including, where appropriate, the cost of seat reservations, transport of necessary luggage and supplementary charges for express trains or sleeping accommodation;
- for Members of the Commission and officials in Grades A1 to A3, the hotel bill including the cost of the room plus service charge and taxes, and a flat-rate allowance for meals;
- for officials and other servants of Grade A4 and below, an allowance to cover hotel expenses and meals;
- expenses incurred for official purposes (telegrams, telephone calls and any exceptional expenditure incurred for the purposes of the mission);
- expenditure incurred for the purchase of special items of clothing needed to withstand tropical climates.

(b) Breakdown of expenditure

Experience has shown that travel expenses account for 60% of the total expenditure, and the other expenses (hotel bills, subsistence and additional expenses) for about 40%.

3. Method of calculation and explanation of changes

(a) Travel expenses

According to the information obtained, the average rate of increase in rail charges would be 9% in 1976, whilst the rates for air travel would rise by 4.5%, giving an average rate of increase of 7%. In 1977, there is likely to be an increase of 8 to 10% (see table below).

1 Increase in passenger rates

| | 1975 | 1976 | 1977 |
|----------------------|------|-------------------|--|
| I. <u>Rail</u> | | | |
| Belgium | - | 9% | At the moment, no forecasts are available for 1977. In view of the trends since 1972, however, there is likely to be an average increase of 10%. |
| Luxembourg | - | Lfrs 2 per ticket | |
| Italy | 10 | - | |
| Netherlands | 10 | 10% | |
| France | 8,5% | 8,5% | |
| Germany | 7,7% | - | |
| II. Air ¹ | 8,62 | 4,5 ¹ | Estimated at approximately 8% |

¹ Increase of 1 April 1976.

(b) Daily subsistence allowances and other expenses

In view of the procedure adopted by the Council for making periodic adjustments to the subsistence allowances to offset the rise in the cost of living, there might still be an increase in 1976. Should this not be the case, a minimum increase of 5% should be envisaged for 1977 (see table on next page).

Aside from the increased cost of travel and the foreseeable adjustment of allowances, there are certain other factors affecting the number of missions that have had to be taken into account:

- the greater number of missions overseas in connection with the Lomé Convention;
- the broadening of contacts with non-member countries;
- the administration of the various association agreements and the meetings held in the context of Community sectoral agreements;
- the stepping-up of contacts with a view to increasing the efficiency of the inspection programme of the Social Fund;
- the greater frequency of inspections in connection with industrial agreements and mergers;
- the policy of decentralization and regionalization of information;
- the implementation of the European Regional Development Fund.

ADJUSTMENT OF ALLOWANCES*

| Budget Items | 1975 | 1976 | 1977 |
|---|--|---|--|
| 1301 ¹ Mission allowances | + 10% by Council decision QJ No L 71, 20.3.1975 + 5% for C and D officials from 1.7.1975. Council Reg. No 2577/75 of 7.10.1975 (QJ No L 263, 11.10.1975) | | Under the new procedure, this allowance can be adapted to the cost of living. If there is no increase in 1976, it might be 5 to 8% in 1977 |
| 2401 Entertainment expenses | Increased by 25%, Commission decision of 31.1.1975 | Increased by 25%, Commission decision of 3.3.1976 | No forecast can be made at present for 1977 |
| 250 ² Meetings of experts 251 ² Committees | No change since 26.7.1974 | No change in sight at present | The rise in the cost of living will call for an adjustment of these allowances in 1977 (percentage not foreseeable) |

¹ Experience has shown that the breakdown of expenditure under Item 1301 is roughly as follows: 40% allowances
60% travel expenses.

² Experience has shown that the breakdown of expenditure under Items 250 and 251 is roughly as follows: 30% allowances
70% travel expenses.

* This table also shows the position for Items other than 1301 (2401, 250 and 251) in order to give a general overview.

CHAPTER 14 SOCIAL WELFARE EXPENDITURE

| Article | Heading | Appropriations 1976 | Forecasts 1977 | Changes | |
|---------|------------------------------------|------------------------|-------------------|-----------|---------|
| | | | | Amount | % |
| 140 | Special assistance | 44.500 | 45.000 | + 500 | 1,12 |
| 141 | Staff recreation centres and clubs | 243.500 | 148.700 | - 94.800 | - 38,93 |
| 142 | Restaurants and canteens | 137.200 | 190.300 | + 53.100 | 38,70 |
| 143 | Medical service | 378.600 | 431.800 | + 53.200 | 14,05 |
| 145 | Building loans | 1.000.000 | 1.100.000 | + 100.000 | 10,- |
| 149 | Other operations | 214.900 | 296.000 | + 81.100 | 37,73 |
| | Chapter 14 - Total | 2.018.700 | 2.211.800 | + 193.100 | 9,56 |

ARTICLE 140 SPECIAL ASSISTANCE

1. Legal basis and description of the operation

Article 76 of the Staff Regulations

Gifts, loans or advances may be made to officials, former officials or, where the official has died, to those entitled under him who are in a particularly difficult position.

The appropriation is also intended to cover payments to officials who were formerly members of the Resistance and were deported or interned, in accordance with the Coreper decision of 18 July 1973.

2. Breakdown of expenditure

An amount of 41.000 u.a. is provided for special assistance, and an amount of 4.000 u.a. for payments to former members of the Resistance who were deported or interned, i.e., 45.000 u.a. in all.

3. Method of calculation and explanation of changes

Whereas the amount of 4.000 u.a. was calculated by taking account of the conditions under which payments may be made to officials who were formerly members of the Resistance and were deported or interned, the amount of 41.000 u.a. was a flat-rate estimate.

ARTICLE 141 STAFF RECREATION CENTRES AND CLUBS

1. Legal basis and description of the operation

This appropriation covers subsidies to staff clubs, whether of a sporting or cultural nature, the maintenance of sports facilities owned by the Communities and any other facilities - in particular the recreation centres - intended to promote social relations between employees of different nationalities.

2. Type and breakdown of expenditure

This Article is intended to cover the costs of the recreation centre, cultural activities, subsidies to staff clubs, the management and equipment of sports centres, and projects to promote social relations, particularly in offices abroad.

| The appropriation is allocated as follows: | <u>1976</u> | <u>1977</u> |
|--|----------------|-------------|
| Brussels | : 231.600 u.a. | 130.00 u.a. |
| Luxembourg | : 11.900 u.a. | 13.700 u.a. |
| Offices abroad | : - | 5.000 u.a. |

3. Method of calculation and explanation of changes

The appropriations are calculated according to:

- the activities already in progress (recreation centres, sports facilities, clubs);
- the interest shown by officials and their families in club activities;
- the number of staff employed at the various employment centres.

Compared with 1976, the 1977 appropriation shows a drop of 38,94% mainly due to the fact that the Overijse sports centre is due for completion in 1976.

At Luxembourg, the Commission contributes to the common fund administered by the Social Activities Committee of all the institutions (EEC, Parliament, Court of Justice, EIB). The appropriation has been slightly increased owing to the foundation of new staff clubs.

For the first time, an appropriation has been entered for the offices abroad to enable them to conform to certain local practices in the relations between employers and employed.

ARTICLE 142 RESTAURANTS AND CANTEENS

1. Legal basis and description of the operation

This appropriation is to cover expenditure required for the running of restaurants, canteens, cafeterias, etc..

2. Type and breakdown of expenditure

The items that come under this appropriation are the operating costs of restaurants and canteens, the maintenance of facilities, the replacement of existing equipment and the purchase of new equipment.

The breakdown of expenditure is as follows:

| | <u>1976</u> | <u>1977</u> |
|---------------------|-------------|-------------|
| Brussels | 80.000 u.a. | 90.000 u.a. |
| Luxembourg | 33.200 u.a. | 98.000 u.a. |
| Publications Office | 24.000 u.a. | 2.000 u.a. |

3. Method of calculation and explanation of changes

The restaurants and similar services are run on the principle that the users pay for the goods and two-thirds of the costs of personnel engaged in preparing meals and similar duties, whilst the Commission undertakes the infrastructure costs and one-third of the personnel costs. The appropriations under this Article must allow for foreseeable requirements in regard to the replacement and purchase of equipment.

For Brussels, the operating costs are down by 33% compared with 1976, the costs for the replacement of equipment are static, and the items for "new equipment" and "maintenance of facilities and equipment" are up.

For Luxembourg, the increase amounts to 196% due to the fact that by the of 1976 the Jean Monnet building will be fully occupied. The number of meals served from 1977 onwards will be more than trebled, which in turn requires exceptional installation expenditure.

ARTICLE 143 MEDICAL SERVICE

1. Legal basis and description of the operation

Article 59 of the Staff Regulations:

- second paragraph of Article 59(1) on the medical verification of absence due to sickness;
- Article 59(4) on the requirement that officials undergo an annual preventive medical check-up.

Article 8 of Annex II of the Staff Regulations relating to expenses in connection with the proceedings of the Invalidity Committee.

2. Type and breakdown of expenditure

Apart from free-lance doctors' fees, the appropriation covers the cost of preventive check-ups (special examinations, analyses, etc.), consumable supplies (dressings, medicines, etc.), special equipment and fittings, and costs incurred by the Invalidity Committee.

The appropriation is allocated as follows:

| | <u>1976</u> | <u>1977</u> |
|--------------|--------------|--------------|
| - Brussels | 203.700 u.a. | 238.800 u.a. |
| - Luxembourg | 60.900 u.a. | 67.000 u.a. |
| - JRC | 114.000 u.a. | 126.000 u.a. |

3. Method of calculation and explanation of changes

The appropriations are calculated according to predictable requirements. The increase in relation to 1976 is due to the need to make an effort to ensure that the preventive medical check-ups are carried out every year. At the present time, the officials and other staff are being examined only about once every 18 months.

ARTICLE 145 BUILDING LOANS

1. Legal basis and description of the operation

This operation is based on the Council Decision of 2 March 1970 on the use of the ECSC pension fund for the grant of building loans. The shortage of the available funds led the Commission to propose that an amount be entered in the Budget. An appropriation of 1.000.000 u.a. was entered for the first time in the 1976 budget by decision of the Parliament.

By its Decision of 17 June 1971, amended on 29 September 1971, the Commission laid down the implementing provisions for the use of the ECSC pension fund. A new draft laying down implementing provisions for the use of the budget appropriation is now under examination.

2. Type of expenditure

The appropriation is intended to permit the grant of mortgage loans to Community officials at subsidized rates.

3. Method of calculation and explanation of changes

This is a flat-rate budget entry (the Commission originally asked for 2.000.000 u.a. to be provided each year over a five-year period).

In view of the fact that the upper limits for loans follow the trend in the cost of living, the appropriation entered in 1976 has been increased by 10% so that the loans granted will be the same in terms of real money value.

ARTICLE 149 OTHER OPERATIONS

1. Legal basis and description of the operation

The appropriation is to cover social interventions for the benefit of officials or their families, for which no provision is made under the other Articles of Chapter 14.

2. Type and breakdown of expenditure

The appropriation is allocated as follows:

| | | <u>1976</u> | <u>1977</u> |
|----------------|---|--------------|--------------|
| Brussels | : | 148.400 u.a. | 185.000 u.a. |
| Luxembourg | : | 63.500 u.a. | 96.000 u.a. |
| Offices abroad | : | 3.000 u.a. | 15.000 u.a. |

3. Method of calculation and explanation of changes

The amount entered is the total predictable expenditure.

The increase of 37,74% is explained by the appreciable rise (+ 42%) in the cost of participation in holiday camps, which are the most important item. Other reasons for the increase are the rise in the cost of living and the entry of an amount to give officials and other staff employed in offices abroad the same social benefits as in the main employment centres.

The remainder of the increase is accounted for by the reorganization and modernization of the day nursery and study centre at Luxembourg, and the extension of their activities.

CHAPTER 15 INTERNAL TRAINING COURSES AND VOCATIONAL TRAINING OF STAFF

ARTICLE 150 COST OF ORGANIZING INTERNAL TRAINING COURSES

| Article | Item | Heading | Appropriations 1976 | Forecasts 1977 | Changes | |
|---------|------|--|------------------------|-------------------|-----------|-------|
| | | | | | Amount | % |
| 150 | | Cost of organizing internal training courses | 603.600 | 650.000 | + 46.400 | 7,68 |
| 151 | | Language courses, refresher courses and vocational training, staff information | 446.400 | 516.000 | + 69.600 | 15,58 |
| 152 | | Exchange of officials | | | | |
| | 1520 | National civil servants | | 200.000 | + 200.000 | |
| | 1521 | Community officials | | 100.000 | + 100.000 | |
| | | Article 152 - Total | | 300.000 | + 300.000 | |
| | | Chapter 15 - Total | 1.050.000 | 1.466.000 | + 416.000 | 39,62 |

1. Legal basis and description of the operation

On 16 March 1976, the Commission adopted new provisions relating to the organization of training courses in its departments.

Courses in administration lasting three to five months are open to university graduates under 30 years of age. Courses for interpreters and translators - open to persons with the requisite qualifications - are also held with a view to facilitating recruitment of staff. Finally, there are short information courses for civil servants of the Member States.

2. Type and breakdown of expenditure

The appropriation covers the award of an allowance to trainees and the risks of accidents or illness during the course. It also covers travel expenses at the start and finish of the course, and any travel organized in connection with the training programme.

The breakdown is as follows:

| | | |
|--|---|--------------|
| Administration courses | : | 473.400 u.a. |
| Interpreters' courses | : | 119.000 u.a. |
| Translators' courses | : | 47.600 u.a. |
| Information courses for national civil servants | : | 10.000 u.a. |

3. Method of calculation and explanation of changes

The number of places to be offered (388) has been multiplied by the average cost per trainee. To this expenditure is added an amount of 10.000 u.a. to cover expenses in connection with the short information courses for national civil servants.

Bearing in mind that the 1976 appropriation for courses for the benefit of Latin-American nationals has been transferred to Title 9, the increase in the appropriation requested for 1977 comes to 7,68%. This is explained by the need to adjust some of the allowances to the cost of living and by the rise in travel costs.

ARTICLE 151 LANGUAGE COURSES, REFRESHER COURSES AND VOCATIONAL
TRAINING, STAFF INFORMATION

1. Legal basis and description of the operation

The objective is to provide vocational training and refresher courses for the staff, and facilities for keeping the staff informed on the life of the Community institutions and the Member States.

2. Type and breakdown of expenditure

The appropriation is intended to cover the organization of language courses, induction courses for new recruits, staff development courses, refresher courses, information on the use of modern techniques (computer centre, Ecdoc, Celex, etc), and seminars. It also covers the purchase of the necessary material and documentation.

The breakdown is as follows:

| | | <u>1976</u> | <u>1977</u> |
|-----------------------------------|---|--------------|--------------|
| Brussels | : | 416.400 u.a. | 476.000 u.a. |
| Luxembourg | : | 30.000 u.a. | 38.000 u.a. |
| Office for Official Publications: | | - | 2.000 u.a. |

3. Method of calculation and explanation of changes

The appropriation represents the total expenditure required for the implementation of the various schemes for the vocational development of officials and employees.

Compared with 1976, the appropriation is increased by 15,59%. This is occasioned first by the need to adjust the teachers' fees to the cost of living, and second by the fact that the scope of these activities is being extended.

ARTICLE 152 EXCHANGE OF OFFICIALS

1. Legal basis and description of the operation

Apart from the short courses designed to initiate national civil servants into Community procedures, the Member States have shown interest in longer stays organized with a view to promoting better mutual understanding of the Community and national public services.

Practical measures are now being studied which would permit the exchange of civil servants between national administrations and the Commission.

2. Type and breakdown of expenditure

The appropriation should permit the grant of a flat-rate daily allowance of 20 u.a. to civil servants from the Member States taking part in the exchanges, and cover their return travel expenses once a quarter (but not the travel expenses at the beginning and end of the course, which would be borne by their own administration).

For the Commission officials, this amount is merely intended to cover supplementary expenses in accordance with Article 38 of the Staff Regulations to the amount of 20 u.a. per day, unless such expenses are borne either wholly or partly by the national authority.

The appropriation required for 1977 is estimated at 300.000 u.a. with the following breakdown:

100.000 u.a. for Commission officials;

200.000 u.a. for national civil servants.

3. Method of calculation and explanation

The forecasts are based on a reciprocal exchange of about 30 officials in a full year. The number might vary according to whether the duration of their stay is more or less than a year.

The lower estimated cost for Commission officials is due mainly to the fact that the length of the training courses for Commission officials is expected to be considerably shorter than for national civil servants.

Leaving aside the new scheme for the exchange of civil servants, the total appropriation for Chapter 15 would show an increase of 11,04%.

CHAPTER 16 OPERATIONS FOR THE BENEFIT OF HANDICAPPED PERSONS

| Article | Item | Heading | Appropriations Forecasts | | Changes | |
|---------|------|----------------------------|--------------------------|---------|-----------|---|
| | | | 1976 | 1977 | Amount | % |
| 160 | | "Pioneer" auxiliary staff | | 130.000 | + 130.000 | |
| 161 | | Amount for infrastructures | | 20.000 | + 20.000 | |
| | | Chapter 16 - Total | | 150.000 | + 150.000 | |

1. Legal basis and description of the operation

The Commission feels that a special effort should be made to recruit handicapped persons

- (a) to jobs authorized in the establishment plan
- (b) as auxiliary staff.

The handicapped auxiliary staff thus recruited would act as "pioneers", and would have the task of looking after the future integration of handicapped staff into the Commission's departments. The planned recruitment will thus extend over several financial years. The Commission stresses the importance (which is recognized by the Member States) that it attaches to the fulfilment of this operation.

2. Type and breakdown of expenditure

(a) Type

The expenditure resulting from recruitment to jobs authorized in the establishment plan is already included in the total appropriations for Chapter 11; only the supplementary appropriations for the recruitment of handicapped persons as auxiliary staff will be taken into consideration in this new chapter. The appropriation is also intended for the purchase of special equipment (see below).

(b) Breakdown

The appropriation covers:

- an amount for personnel
(10 auxiliary staff for a 22-month period) 130.000 u.a.
- an amount for infrastructure 20.000 u.a.

3. Method of calculation

In calculating the required appropriations, it has been kept in mind that all remunerations and the induction expenses (travel expenses and temporary daily allowance) will have to be entered under Chapter 16.

The appropriation for infrastructure is intended for the purchase of special equipment needed for the employment of handicapped persons, in particular blind persons.

**TITLE 2 BUILDINGS, EQUIPMENT AND MISCELLANEOUS
ADMINISTRATIVE EXPENDITURE**

Historical Archives of the European Commission

CHAPTER 21 RENTAL OF BUILDINGS AND ASSOCIATED EXPENDITURE

1. Legal basis

Appropriations required to finance the Commission's operations

2. Type and breakdown of expenditure

(a) Type

This expenditure is intended to cover the payment of rents and land taxes relating to buildings (including restaurants, day-nurseries and other amenity buildings) occupied by the Commission and associated costs such as insurance, heating, electricity, water, gas, cleaning and maintenance of these buildings and their equipment, fitting-out work and modifications to the partitions, expenditure on security arrangements and the cost of removing refuse, road-cleaning taxes and other expenditure relating to buildings.

(b) Breakdown

See table on page 146

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- rents and other current costs
- expected rate of inflation
- conditions of leases with regard to indexation
- length of time buildings are intended to be occupied.

(b) Trend in appropriations and explanation

1976 appropriations: 29.313.057 u.a.

1977 appropriations: 33.660.700 u.a.

The increase of $\pm 15\%$ is due to:

- the expected rate of increase in costs ($\pm 10\%$);
- the occupation of a new building in Luxembourg for the entire financial year;
- stricter security measures which have had to be taken (the appropriations entered in the 1976 Budget will have to be bolstered to a considerable extent by internal transfers);
- the construction of conference rooms with interpreting equipment in the Paris and Rome offices;
- the cost of the new posts.

CHAPTER 21- RENTAL OF BUILDINGS AND ASSOCIATED EXPENDITURE

SUMMARY TABLE SHOWING BREAKDOWN OF APPROPRIATIONS

| | Art. 210 | Art. 211 | Art. 212 | Art. 213 | Art. 214 | Art. 215 | Art. 219 | TOTAL |
|----------------------------------|------------|-----------|------------------------------|-----------------|-------------|-----------|----------|------------|
| | Rents | Insurance | Water, gas, elec. heating | Clean. Main. | Fitting-out | Security | Other | |
| <u>Brussels</u> | 5.548.412 | | 1.423.094 | 2.232.671 | | | | |
| Joyeuse Entrée/Cortenberg/Loi | 2.613.065 | | 317.639 | 804.370 | | | | |
| Loi 84 and 86 | 1.436.820 | | 144.054 | 216.350 | | | | |
| Manhattan | 762.302 | | 119.712 | 179.382 | | | | |
| Nerviens | 754.316 | | 85.666 | 86.760 | | | | |
| Loi 120 | 673.715 | | 62.039 | 108.834 | | | | |
| Archimède I and II | 616.289 | | 54.114 | 159.530 | | | | |
| Rond-Point Schuman 6 | 554.539 | | 45.375 | 78.975 | | | | |
| Other | 2.110.913 | | 313.307 | 344.268 | | | | |
| <u>Total Brussels</u> | 15.091.380 | 104.100 | 2.565.000 | 4.211.140 | 400.000 | 820.000 | 114.660 | 23.306.280 |
| <u>Luxembourg</u> | | | | | | | | |
| Jean Monnet | 4.331.680 | | 508.000 | 707.990 | | | | |
| Other | 752.180 | | 100.000 | 126.770 | | | | |
| <u>Total Luxembourg</u> | 5.083.860 | 25.900 | 608.000 | 834.760 | 220.000 | 302.700 | 28.600 | 7.103.820 |
| Offices abroad | 885.000 | 15.000 | 117.000 | 180.000 | 40.000 | 10.000 | 30.000 | 1.277.000 |
| Office for Official Publications | 580.000 | 7.000 | 100.000 | 90.000 | 10.000 | - | 30.000 | 817.000 |
| | 21.640.240 | 152.000 | 3.390.000 | 5.315.900 | 670.000 | 1.132.700 | 203.260 | 32.504.100 |
| Effect of new posts | 703.500 | 12.600 | 105.500 | 175.900 | 154.000 | 1.000 | 4.100 | 1.156.600 |
| <u>Total</u> | 22.343.740 | 164.600 | 3.495.500 | 5.491.800 | 824.000 | 1.133.700 | 207.360 | 33.660.700 |

CHAPTER 22 MOVABLE PROPERTY AND ASSOCIATED EXPENDITURE

ARTICLE 220 OFFICE MACHINERY

1. Legal basis

Appropriations required to finance the Commission's operations

2. Type and breakdown of expenditure

(a) Type

This appropriation is intended to cover expenditure on office machinery (typewriters and calculating machines):

- purchase of additional office equipment for specific needs;
- replacement of obsolete machinery or damaged machines which would be too expensive to repair;
- the hire of equipment for occasional needs;
- the maintenance and repair of machinery.

(b) Breakdown

Expenditure can be apportioned as follows:

| | <u>New</u> <u>purchases</u> <u>u.a.</u> | <u>Replace-</u> <u>ments</u> <u>u.a.</u> | <u>Hire</u> <u>u.a.</u> | <u>Mainte-</u> <u>nance</u> <u>u.a.</u> | <u>Total</u> <u>u.a.</u> |
|-------------------------------------|---|--|----------------------------|---|-----------------------------|
| Brussels | 5.760 | 68.000 | 2.600 | 88.800 | 165.160 |
| Luxembourg | 8.000 | 12.800 | - | 45.200 | 66.000 |
| Offices abroad | 4.000 | 7.000 | 500 | 18.000 | 29.500 |
| Office for Official Publications | 4.000 | - | - | 8.000 | 12.000 |
| | <u>21.760</u> | <u>87.800</u> | <u>3.100</u> | <u>160.000</u> | <u>272.660</u> |
| Cost of new posts | 89.000 | - | - | - | 89.900 |
| TOTAL | 111.660 | 87.800 | 3.100 | 160.000 | 362.560 |

3. Method of calculation and explanation of changes

(a) Method of calculation

Calculations are based on the following:

- the replacement criteria used by the Commission (seven years for electric typewriters, eight years for mechanical typewriters and ten years for calculating machines);
- expected costs of labour and spare parts;
- special needs.

(b) Trend in appropriations and explanation

1976 appropriations: 569.290 u.a.

1977 appropriations: 272.660 u.a.

The drop in appropriations compared to 1976 is due to:

- the fact that less equipment has to be replaced in 1977 according to the current criteria;
- the need for an intensive campaign in 1976 to make up for several years' delay;
- the fitting of certain key offices with typewriters with "optical reading" facilities in 1976 will not be repeated on the same scale in 1977.

ARTICLE 221 FURNITURE

1. Legal basis

Appropriations required to finance the Commission's operations.

2. Type and breakdown of expenditure

(a) Type

This appropriation is intended to cover expenditure relating to furniture:

- purchase of shelving and other filing equipment necessitated by the normal expansion of archives and special furniture for particular needs;
- replacement of obsolete and damaged furniture;
- hire for occasional needs;
- repair of furniture.

(b) Breakdown

Expenditure can be apportioned as follows:

in u.a.

| | <u>New purchases</u> | <u>Replacements</u> | <u>Hire</u> | <u>Repair</u> | <u>TOTAL</u> |
|----------------------------------|----------------------|---------------------|--------------|---------------|----------------|
| Brussels | 40.000 | 270.000 | 2.000 | 20.000 | 332.000 |
| Luxembourg | 20.000 | - | - | 12.000 | 32.000 |
| Offices abroad | 16.000 | - | 600 | 4.000 | 20.600 |
| Office for Official Publications | 18.000 | 3.000 | - | 1.000 | 22.000 |
| | <u>94.000</u> | <u>273.000</u> | <u>2.600</u> | <u>37.000</u> | <u>406.600</u> |
| Cost of new posts | <u>222.200</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>222.200</u> |
| TOTAL | <u>316.200</u> | <u>273.000</u> | <u>2.600</u> | <u>37.000</u> | <u>628.800</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the following basis:

- replacement criteria used by the Commission (generally ten years, 14 years for filing equipment);
- expected costs of labour and maintenance materials;
- special needs.

(b) Trend in appropriations and explanation

1976 Appropriations: 967.600 u.a.

1977 Appropriations: 628.800 u.a.

The drop in appropriations compared to 1976 is due to:

- the drop in the number of items of furniture to be replaced according to the established criteria;
- the need to make up for several years' delay in 1976;
- the expected fall (following this intensified campaign) in the number of repairs to old furniture.

ARTICLE 222 TECHNICAL EQUIPMENT AND INSTALLATIONS

1. Legal basis

Appropriations required to finance the Commission's operations

2. Type and breakdown of expenditure

(a) Type

This appropriation covers expenditure on technical materials and installations:

- purchase of additional equipment to keep pace with technical advances;
- replacement of obsolete and unsuitable equipment;
- hire of installations which it is unnecessary to purchase;
- maintenance and repair of equipment.

(b) Breakdown

Expenditure can be apportioned as follows:

| | <u>New</u> <u>purchases</u> | <u>Replace-</u> <u>ments</u> | <u>Hire</u> | <u>Repair</u> | <u>in u.a.</u> <u>TOTAL</u> |
|-----------------------|--------------------------------|---------------------------------|-------------|---------------|--------------------------------|
| Brussels | 596.900 | 236.800 | 391.100 | 210.000 | 1.434.800 |
| Luxembourg | 140.000 | 118.200 | 75.400 | 31.000 | 364.600 |
| Offices abroad | 10.000 | 50.000 | 92.500 | 19.000 | 171.500 |
| Office for | | | | | |
| Official Publications | 153.000 | 100.000 | 6.000 | 20.000 | 279.000 |
| | 899.900 | 505.000 | 565.000 | 280.000 | 2.249.900 |
| Cost of new posts | 25.000 | - | - | - | 25.000 |
| TOTAL | 924.900 | 505.000 | 565.000 | 280.000 | 2.274.900 |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the following basis:

- the particular needs of departments, especially those for more advanced equipment;
- the replacement criteria used by the Commission;
- the foreseeable costs of hire, labour and spare parts.

(b) Trend in appropriations and explanation

1976 Appropriations: 2.045.180 u.a.

1977 Appropriations: 2.274.900 u.a.

The increase in appropriations is some 11% compared with 1976 and takes account of the rise in the price of purchasing additional audio-visual equipment for the Directorate-General for Information.

Historical Archives of the European Commission

ADDITIONAL AUDIOVISUAL EQUIPMENT FOR DG X

ANNEX

(a) Equipment which it is planned to purchase in 1976

- (1) Colour studio camera Bfrs 1.300.000 (26.000 u.a.)

At present the studio only has one colour TV camera. Another colour camera must be acquired for two reasons: firstly, to eliminate the risk of breakdowns and, secondly, because a second camera would enable films to be shot from different angles and avoid monotonous shots from the same viewpoint. It would also enable press conferences to be video-recorded.

- (2) Special colour television maintenance equipment

Bfrs 500.000 (10.000 u.a.)

High-performance measuring apparatus is required to service colour television broadcasting equipment. This is the reason for its very high cost.

(b) Equipment which it is planned to purchase in 1977

- (1) Microwave link Bfrs 4.000.000 (80.000 u.a.)

A link must be established between the Commission studio and the Eurovision distribution centre in Brussels. This will enable broadcasts to be transmitted live from the Commission's studio to the television networks of the Member States. This is essential to preserve the editorial freedom of these services.

- (2) 16 mm telecine unit (film and slides) Bfrs 1.400.000 (28.000 u.a.)

This equipment would enable us to greatly enlarge our range of technical facilities to include video transcription of filmed material (of which we have a very extensive range), preparation by television stations of complete programmes made in our studios and video-cassette programmes for certain priority categories (trade unions, schools, etc.).

- (3) Colour television monitor Bfrs 250.000 (5.000 u.a.)

This apparatus would enable us to scrutinize the pictures we wished to use in order to correct the picture, which must always be of impeccable quality.

- (4) Sundry equipment Bfrs 200.000 (4.000 u.a.)

- (5) Magnetic recording heads (American standard)

Bfrs 40.000 (800 u.a.)

We are unable to make 16 mm sound recordings for America and Canada because the standards for locating the tracks are different. This special head unit would enable us to meet future requests.

(c) Equipment which it is planned to purchase in 1978

- (1) Synchro adapter to couple Studer A 80 recorder to an Ampex AVR 2 Bfrs 600.000 (12.000 u.a.)

This equipment would enable us to couple our radio recorder to the Ampex so that we could add several sound tracks to the recordings made in our studios.

- (2) Velocity compensator (Ampex) Bfrs 180.000 (3.600 u.a.)

This equipment would enable us to correct faults found by the monitor mentioned above.

- (3) Second Ampex sound-track facility Bfrs 170.000 (3.400 u.a.)

This would enable us to use more fully the possibilities of sound recordings accompanying pictures.

- (4) Chroma key unit Bfrs 450.000 (9.000 u.a.)

This apparatus would enable us to create in our studio the settings required by the television stations using it.

- (5) Teleprompter Bfrs 300.000 (6.000 u.a.)

This apparatus, which is placed around the lens of the camera, would display the text to the speaker.

- (6) Synchro reader corrector for video-cassettes Bfrs 160.000 (3.200 u.a.)

In addition to our broadcast recordings we also make video-cassette recordings. It is sometimes impossible to make copies of these cassettes without the corrector referred to above. This apparatus would also enable us to cut and superimpose electronically.

ARTICLE 223 TRANSPORT EQUIPMENT

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover expenditure relating to transport equipment:

- purchase of extra vehicles in case of specific need;
- replacement of existing vehicles as needed;
- car-hire, in case of unexpected need;
- maintenance, repair, insurance, petrol, lubricants and other operating expenses for the vehicle fleet.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>New</u> <u>purchases</u> <u>u.a.</u> | <u>Replace-</u> <u>ments</u> <u>u.a.</u> | <u>Car-hire</u> <u>u.a.</u> | <u>Operating</u> <u>expenditure</u> <u>u.a.</u> | <u>Total</u> <u>u.a.</u> |
|-------------------------------------|---|--|--------------------------------|---|-----------------------------|
| Brussels | 18.000 | 119.200 | 17.800 | 217.300 | 372.300 |
| Luxembourg | - | 17.040 | 4.000 | 25.340 | 46.380 |
| Offices abroad | 7.000 | 16.000 | 6.000 | 63.000 | 92.000 |
| Office for Official Publications | - | 9.000 | - | 5.000 | 14.000 |
| | <u>25.000</u> | <u>161.240</u> | <u>27.800</u> | <u>310.640</u> | <u>524.680</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the specific requirements of the departments for new purchases;
- the list of vehicles which must be replaced (allowance made for trade-in values);
- foreseeable costs for various operating expenditure.

(b) Explanation of changes

Appropriations 1976: 478.720 u.a.

Appropriations 1977: 524.680 u.a.

The increase provided for of $\pm 10\%$ corresponds approximately to the rate of inflation.

ARTICLE 224 HIRE OF EQUIPMENT, OPERATING COSTS AND LOAN OF SERVICES
RELATING TO THE COMPUTER CENTRE

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover all the expenditure relating to the management of the computer systems (including the ECDOC system, expenditure on which is at present charged to Article 226 of the Budget):

- cost of hiring the computers of the Computer Centre and of related supplies;
- cost of operations performed outside the Institution, particularly those carried out by CETIS;
- services relating to other work performed outside (studies, analyses, programming and utilization of computer applications).

(b) Breakdown

The breakdown of the expenditure is as follows¹:

| | <u>u.a.</u> |
|--|----------------|
| Costs of operations at the Computer Centre | 2.592.000 |
| Costs of operations work performed by the CETIS | 450.000 |
| Other costs of operations performed outside | 468.000 |
| Costs of other work performed outside (programming, etc.) | 1.340.000 |
| Operation of the internal documentation system | <u>960.000</u> |
| | 5.810.000 |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the computer rental contracts;
- the volume of operations work to be performed outside;
- the volume of other work (programming, etc.) to be performed outside, taking account of Commission staff available for this type of work;
- the estimated costs for external services and for supplies.

¹The table on the following page shows the comparison between 1976 and 1977.

APPROPRIATIONS FOR COMPUTER WORK

| | <u>1976</u> | <u>1977</u> | <u>Increase</u> |
|---|------------------|------------------|-----------------|
| 2240 (=2240 1976) Operations at the Commission's Computer Centre at Luxembourg | 2.786.400 | 2.592.000 | |
| 2242 (included in Operations outside 2240 in 1976) the Commission's Computer Centre | | 468.000 | + |
| | | <u>3.060.000</u> | 9,82% |
| 2241 (= 1976) Work carried out at CETIS | 297.600 | 450.000 | + 51,21% |
| 2243 Applications performed outside (analysis and programming) | 345.000 | 1.340.000 | + 288,41% |
| 2244 (226 in 1976) ECDOC | 872.000 | 960.000 | + 10,09% |
| | <u>4.301.000</u> | <u>5.810.000</u> | + 35,08% |

(b) Explanation of changes

1976 Appropriations: 4.301.000 u.a.

1977 Appropriations: 5.810.000 u.a.

The appropriation is some 35% higher than in 1976. In January 1976 the Commission took a decision in principle regarding the replacement of the equipment of the Computer Centre and called for tenders, from the major computer manufacturers. Although the new computer is not expected to be delivered until early in 1978, the work relating to the transfer of applications, particularly as regards analysis and programming, must be started in 1977. As the Commission does not have enough staff, a large part of this work will have to be performed outside the Institution. The expenditure relating to this work is the main reason for the increase in expenditure in 1977. The increase also takes account of:

- the foreseeable rate of inflation,
- the growing use of external operation of certain applications, owing to the under-capacity of the present equipment of the Computer Centre.

As regards the computerized internal documentation system (ECDOC), the appropriation under Item 2244 will make it possible to continue and consolidate the system established in the first three-year plan and to prepare, in a second three-year plan, for integration with the Computer Centre's data-processing support function.

ARTICLE 225 (DOCUMENTATION AND LIBRARY EXPENDITURE)

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the expenditure relating to the library:

- acquisition of books, documents and other non-periodical publications;
- acquisition of special library equipment and materials required for the growing holdings of the library;
- subscriptions to newspapers, periodicals and news agencies;
- cost of binding and of conservation of books.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | Brussels | Luxembourg | Offices abroad | Office for Official Publica- tions | Total |
|--|---------------|---------------|-------------------|---|---------------|
| | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> |
| Non-periodical works | 220.000 | 54.000 | 40.000 | 800 | 314.800 |
| Equipment | 20.000 | - | - | - | 20.000 |
| Subscriptions to newspapers and periodicals | 268.000 | 46.000 | 58.000 | 300 | 372.300 |
| Subscriptions to news agencies | 176.360 | - | 40.000 | 300 | 216.660 |
| Costs of binding, etc. | <u>68.000</u> | <u>17.000</u> | <u>9.000</u> | <u>2.400</u> | <u>96.400</u> |
| | 752.360 | 117.000 | 147.000 | 3.800 | 1.020.160 |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the number of publications which must be acquired
- foreseeable costs of publications and subscriptions.

(b) Explanation of changes

1976 Appropriations: 919.250 u.a.

1977 Appropriations: 1.020.160 u.a.

The increase in the appropriation of some 11% compared with the figure for 1976 is due to the general rise in prices and to a limited extent to the increase in the number of requests made to the library.

CHAPTER 23 CURRENT ADMINISTRATIVE EXPENDITURE

ARTICLE 230 STATIONERY AND OFFICE SUPPLIES

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover, inter alia, expenditure relating to the following supplies:

- paper and other supplies for the reproduction workshops
- photocopying and the requisite paper
- writing paper, envelopes and other office supplies
- some printing done outside the Institution.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|----------------------------------|------------------|
| Brussels | 2.200.000 |
| Luxembourg | 440.000 |
| Offices abroad | 380.000 |
| Office for Official Publications | <u>540.000</u> |
| | 3.560.000 |
| Effect of new posts | <u>79.200</u> |
| | <u>3.639.200</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the rate of utilization of the supplies concerned
- foreseeable prices for supplies, particularly the price of paper.

(b) Explanation of changes

| | |
|----------------------|----------------|
| Appropriations 1976: | 3.293.270 u.a. |
| Appropriations 1977: | 3.639.200 u.a. |

The increase compared with 1976 is only some 10%, which is low, taking into account the effect of new posts.

ARTICLE 231 POSTAL CHARGES AND TELECOMMUNICATIONS

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the following expenditure:

- postal charges on ordinary correspondence and the dispatch of publications
- delivery charges
- telecommunications charges (telephone, telegraph, telex, television).

(b) Breakdown

The breakdown of the expenditure is as follows:

| | Postal and delivery charges | Tele- communica- tions | RTT | Total |
|-------------------------------------|-----------------------------------|------------------------------|--------|-----------|
| | u.a. | u.a. | u.a. | u.a. |
| Brussels | 1.043.000 | 3.000.000 | 12.000 | 4.055.000 |
| Luxembourg | 320.000 | 433.600 | - | 753.600 |
| Offices abroad | 731.000 | 590.000 | - | 1.321.000 |
| Office for Official Publications | 800.000 | 40.000 | - | 840.000 |
| | 2.894.000 | 4.063.600 | 12.000 | 6.969.600 |
| Effect of new posts | 101.400 | 213.800 | - | 315.200 |
| | 2.995.400 | 4.277.400 | 12.000 | 7.284.800 |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the present rate of expenditure
- foreseeable increases in costs
- foreseeable volume of operations.

(b) Explanation of changes

Appropriations 1976: 6.384.450 u.a.

Appropriations 1977: 7.284.800 u.a.

The increase compared with 1976 is only some 14%, which allows for the rise in prices and the expansion of the activities of offices set up abroad in recent years.

ARTICLES 232, 233 AND 234

FINANCIAL CHARGES AND LEGAL EXPENSES

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the following expenditure:

- bank charges and other financial charges;
- expenditure arising from employment of the services of a barrister or of other legal experts briefed to represent the Commission before the Court of Justice;
- plaintiffs' legal costs, insofar as the Court of Justice makes the Commission liable for them;
- damages awarded by the Court of Justice in cases lost by the Commission.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|---------------------------|----------------|
| - Bank charges | 35.000 |
| - Other financial charges | 1.000 |
| - Legal expenses | 150.000 |
| - Damages | 250.000 |
| | <u>436.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the present rates of expenditure on financial charges
- the foreseeable number of cases brought before the Court of Justice and the average percentage of cases won by the Commission
- damages and legal costs awarded by the Court of Justice.

(b) Explanation of changes

Appropriations 1976: 121.800 u.a.

Appropriations 1977: 436.000 u.a.

As it will be necessary to increase the appropriations for 1976 by means of transfers to meet foreseeable expenditure, a formal comparison of the initial appropriations for 1976 with the amounts requested for 1977 is meaningless. The increase for 1977 arises almost solely from the increased requirements under Articles 233 (Legal expenses) and 234 (Damages).

The number of cases which the Commission loses before the Court and the level of costs awarded by the Court are both on the increase.

The appropriation requested for 1977 represents an estimate based on the following assumptions:

- a greater number of cases will be brought before the Court
- the costs awarded by the Court will reach an average level calculated on the basis of experience and allowing for the tendency of these costs to increase substantially.

Although the increase in the appropriation requested for 1977 seems to be very large, it is by no means impossible that the sum requested will turn out to be inadequate, since in the very nature of things, changes in this area are random.

ARTICLE 235 OTHER ADMINISTRATIVE EXPENDITURE

1. Legal basis

Appropriations required for the operation of the Commission

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the following expenditure:

- insurances other than those on buildings and vehicles;
- uniforms and working clothes;
- cost of internal meetings;
- cost of departmental removals;
- miscellaneous minor expenses which cannot be charged against other administrative appropriations.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>Brussels</u> | <u>Luxembourg</u> | <u>Offices abroad</u> | <u>Office for Official Publica- tions</u> | <u>Effect of new posts</u> | <u>Total</u> |
|---------------------------|-----------------|-------------------|---------------------------|---|--------------------------------|----------------|
| | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> | <u>u.a.</u> |
| Insurances | 23.000 | - | 1.200 | 1.000 | - | 25.200 |
| Uniforms, etc. | 84.500 | 33.000 | 14.000 | 3.500 | 2.400 | 137.400 |
| Internal meetings | 10.100 | 5.000 | 4.400 | 1.500 | - | 21.000 |
| Departmental removals | 419.000 | 120.000 | 5.000 | 6.000 | 23.700 | 573.700 |
| Minor expenses | 16.000 | 4.000 | 8.000 | 200 | - | 28.200 |
| Miscellaneous expenses | 5.000 | - | - | - | - | 5.000 |
| | <u>557.600</u> | <u>162.000</u> | <u>32.600</u> | <u>12.200</u> | <u>26.100</u> | <u>790.500</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The calculation of the appropriation is based on:

- the present rate of expenditure;
- provision for price increases;
- specific requirements for uniforms and working clothes;
- provision for removals resulting from the additional buildings to be rented.

(b) Explanation of changes

Appropriations 1976 : 823.490 u.a.

Appropriations 1977 : 790.500 u.a.

The drop in the appropriation compared with 1976 is the result of fewer removals, particularly in Luxembourg, where the transfer of departments to the new Jean Monnet Building will be largely completed by the end of 1976.

ITEM 2391 JOINT INTERPRETING SERVICE

1. Legal Basis

Appropriation necessary for the operation of the Commission

2. 1 and breakdown of expenditure

Only the European Parliament and the Commission have an interpreting service. On the basis of the Institutions' seats, each generally provides interpreting by its staff at meetings held at those seats. Costs of services provided are reimbursed by them mutually.

Consequently, the appropriation under Item 2391 is for payment of the services supplied to the Commission by the European Parliament's interpreters.

3. Method of calculation and explanation of changes

The estimate is a lump sum, derived from experience in previous financial years, and amounts to:

380.000 u.a.

compared with the 1976 appropriation of:

360.000 u.a.

20.000 u.a.

The increase is therefore only:

5,55%

CHAPTER 24 ENTERTAINMENT AND REPRESENTATION EXPENSES

| Art. | Item | Heading | Appropriations 1976 | Forecast 1977 | Change | |
|------|------|---|---------------------|---------------|----------|-------|
| | | | | | Amount | % |
| 240 | | Entertainment and representation expenses | | | | |
| | 2400 | Members of the institution | 151.000 | 177.000 | + 26.000 | 17,21 |
| | 2401 | Staff | 249.000 | 274.000 | + 25.000 | 10,04 |
| | | Article 240 - Total | 400.000 | 451.000 | + 51.000 | 12,75 |
| | | Chapter 24 - Total - | 400.000 | 451.000 | + 51.000 | 12,75 |

1. Legal basis

- Article 14(2) of Annex VII of the Staff Regulations,
- Regulation concerning the representation costs incurred by Commission officials adopted by the Commission and last amended on 3 March 1976.

2. Type of expenditure

The representation costs which may be refunded are those incurred by the Members of the Commission or by authorized officials in the performance of their duty to represent the Commission in the interests of the service or in the course of their work. Hospitality in the interests of the service can be extended only to persons outside the Commission and outside the other Institutions of the Community. The entertainment costs referred to are those for cocktails, cold buffets, lunches and dinners and occasionally, for reasons of courtesy, other very limited expenses.

Generally speaking, receptions followed by lunch or dinner are given only for important persons or very senior delegations and in many cases are a return of hospitality. Also, generally at the end of a year, it is customary to give a cocktail party for all those who have worked in groups of experts and various committees.

3. Method of calculation and explanation of changes

For the appropriation required, a lump sum is calculated, but this is adjusted, on the basis of expenditure in previous financial years, to take account of new situations.

In spite of the rise in the cost of living, the 1975 appropriation was the same as for 1974, and the 1976 appropriation was increased by a mere 4,16% to take account of new situations. Because of the rise in prices, the Commission was compelled to raise the upper limits for reimbursement on 31 January 1975 and 3 March 1976¹. As no change was made in the available appropriations following the above decisions, the Commission has had to enforce strict economy measures.

¹ See general table, "Trends in allowances", p. 29.

The appropriation entered in Chapter 24 is increased from 400.000 u.a. . in 1976 to 451.000 u.a. in 1977, a rise of 12,75%.

This increase is due partly to higher prices and partly to the expansion of some activities, particularly:

- numerous consultations and negotiations with non-member countries;
- the recent establishment of new delegations and external offices whose activities are expanding;
- the entry into force of the Lomé Convention;
- the adoption of a policy of closer contact with the press.

Historical Archives of the European Commission

CHAPTER 25 EXPENDITURE FOR FORMAL AND OTHER MEETINGS

ARTICLES 250 AND 251 EXPENDITURE FOR FORMAL MEETINGS AND MEETINGS
IN GENERAL, COMMITTEES

1. Legal basis

For committees, the relevant treaties and regulations (Council or Commission) establishing them

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the following expenditure:

- travel, subsistence and incidental expenses of experts attending working party and committee meetings;
- expenses connected with such meetings insofar as they are not covered by the existing facilities and services (e.g., cost of renting rooms, translation equipment, etc.).

(b) Breakdown

The breakdown of expenditure is as follows:

| | <u>u.a.</u> |
|---|------------------|
| Formal meetings and meetings in general | 4.840.000 |
| Committees | <u>2.800.000</u> |
| | <u>7.640.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the probable number of working party and committee meetings,
- the number of experts and their countries of origin,
- current allowances and transport costs (see general table, p. 29),
- foreseeable price increases.

Experience has shown that this expenditure breaks down approximately as follows:

- travel 70%
- allowances 30%

(b) Explanation of changes

1976 Appropriations: 6.905.000 u.a.
1977 Appropriations: 7.640.000 u.a.

The increase of some 10% in the appropriation compared with 1976 is due to:

- foreseeable increases in transport and subsistence costs;
- new committees recently or about to be set up.

ARTICLES 252 AND 253 ECSC COMMITTEES AND COMMISSIONS, SPECIALIZED BODIES ON INDUSTRIAL SAFETY

1. Legal basis

- ECSC Consultative Committee: Article 18 of the ECSC Treaty, Article 6 of the Merger Treaty;
- General Committee for Safety and Health in the Steel Industry; Decision of the High Authority of 24 September 1974;
- other ECSC commissions: Articles 46 and 55 of the ECSC Treaty;
- Mines Safety and Health Commission: Council Decisions of 9 and 10 May 1957 (establishment of this Commission) and 9 July 1957 (and extension of the powers of this Commission to cover all extractive industries, 74/326/EEC);
- Consultative Committee for Safety, Hygiene and Health Protection at places of work: Council Decision of 27 June 1974 (74/325/EEC).

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the following expenditure:

- travel, subsistence and incidental expenses of experts called to meetings of the committees and commissions, and the Mines Safety and Health Commission itself;
- costs associated with these meetings if they are not covered by the existing services and facilities (for example, costs of renting meeting rooms, etc.);
- entertainment and representation costs of the President of the ECSC Consultative Committee incurred in the performance of his duties;
- expenses incurred in respect of practical tests on rescue and safety equipment and safety campaigns held under the aegis of the specialized bodies on industrial safety.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|---|----------------|
| ECSC Consultative Committee | 275.000 |
| Other ECSC commissions | 260.000 |
| Mines Safety and Health Commission | 175.000 |
| Consultative Committee for Safety, Hygiene and Health Protection at places of work | 100.000 |
| | <u>810.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the likely number of meetings of the committees and commissions,
- number of experts and their countries of origin,
- present rates of allowances and transport costs,
- foreseeable price increases,
- the likely scale of activity for practical tests and safety campaigns.

(b) Explanation of changes

Appropriations 1976: 665.000 u.a.

Appropriations 1977: 810.000 u.a.

The increase in the appropriation of some 22% compared with the figure for 1976 is the result mainly of the Council Decision of 16 February 1976 increasing the daily allowances for ECSC activities by 25%.

ARTICLE 254 CAMPAIGN ON BEHALF OF YOUNG PEOPLE

1. Legal basis

Proposal forwarded to the Council on 7 March 1975, taking account of the Opinion of the Parliament of 11 June 1974.

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover all expenditure relating to the Forum for youth affairs, the creation of which is proposed in the document referred to in paragraph 1 above:

- operating costs of the permanent secretariat (staff, rental of offices and of meeting hall, miscellaneous costs);
- travel, subsistence and incidental costs of delegates to the meetings of the Forum;
- costs associated with the meetings if not covered by the existing services and facilities available to the permanent secretariat.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | |
|--|--------------------|
| Staff of the permanent secretariat | 44.000 u.a. |
| Operating costs of the permanent secretariat | 76.000 u.a. |
| Costs of meetings, including travel and other costs of delegates | <u>70.000</u> u.a. |
| | 190.000 u.a. |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the number and the grades* of the staff members to be assigned to the permanent secretariat and the salaries and allowances applicable according to the Communities' staff regulations
- estimated rents and other operating costs for the permanent secretariat
- likely number of meetings for the Forum (present rates of allowances and transport costs)
- foreseeable price increases.

(b) Explanation of changes

Appropriations 1976: 100.000 u.a. (in Chapter 98)

Appropriations 1977: 190.000 u.a.

The appropriation entered in Chapter 98 of the 1976 Budget was calculated on the assumption that the Forum would be in operation for only part of the financial year in question. The appropriation requested for 1977, however, was calculated on the basis of the estimated requirements for the entire financial year.

*1 A7/6; 1 C/1.

ARTICLE 255 MISCELLANEOUS EXPENDITURE ON THE ORGANIZATION OF, AND PARTICIPATION IN, CONFERENCES, CONGRESSES AND MEETINGS

1. Legal basis

The Commission is obliged to hold a number of events outside its own places of work although it tries to keep these to a minimum. It cannot, however, avoid participating in institutional meetings held outside these places of work.

2. Type and breakdown of expenditure

(a) Type

Appropriation to cover sundry expenses for conferences, congresses and meetings (organized by the Commission, or else by others with the Commission's participation) which are not covered by the normal resources available for implementing the various policies, namely:

- delegates' travelling expenses, subsistence allowances and local transport costs;
- hire of rooms and interpreting equipment, preparation of reports and other expenditure connected with the organization of conferences, congresses and meetings.

(b) Breakdown

| | <u>u.a.</u> |
|---|----------------|
| Conferences, congresses and meetings organized by the institution | 187.000 |
| Cost of the institution's participation in conferences, congresses and meetings | 66.000 |
| Conferences, congresses and meetings in connection with the ECSC | <u>22.000</u> |
| | <u>275.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation requested is the sum of the detailed estimates of expenditure on each individual conference, congress and meeting. These estimates are based on:

- the present travel and subsistence costs,
- the number of delegates and their countries of origin,
- the conference venues, etc.,
- the additional expenditure to be allowed for,
- the price increases to be allowed for.

(b) Explanation of increase in appropriations

1976 Appropriations: 250.000 u.a.

1977 Appropriations: 275.000 u.a.

The increase compared with 1976 is to cover the increasing number of conferences requested by the departments in the context of the various policies (see list on next page).

ARTICLE 255 LIST OF CONFERENCES PLANNED

Item 2550 - Conferences, congresses and meetings organized by the institution

u.a.

Statistical Office

Annual meeting of directors-general of national statistical offices 7.000

Environment and Consumer Protection Service

Scientific symposium on the exchange of information between networks for monitoring and controlling water pollution 18.000

Symposium on consumer information 20.000

Symposium on consumer safety 16.000

DG V

Symposium on the pattern of working hours, productivity and wages, etc. in the Community 27.000

Seminar on action against poverty 36.000

DG XII

Symposium for staff responsible for administering and planning higher education 18.000

Conference on a scientific policy for Europe 9.000

DG XIII

Congress on the multilingual dissemination of information 21.000

Symposium on micropublications 9.000

DG XVII

One-day briefings on electricity penetration 3.000

Symposium on the illustrative programme 3.000

Item 2551 - Cost of the institution's participation in conferences, congresses and meetings

DG I

Participation in multilateral and bilateral negotiations within GATT 25.000

DG IX

Expenditure on European Council meetings 28.000

DG XVII

Symposium with trade union representatives from the energy industry 13.000

Item 2552 - Conferences, congresses and meetings in connection with the ECSC

DG V (with DG III)

Symposium on the control of pollution in coking plants 22.000

ARTICLE 256 EXPENDITURE ON PRE-CONSULTATION MEETINGS WITH TRADE UNIONS

1. Legal basis

The Commission hopes to be granted these funds so that it can implement its policy towards the trade unions. The budgetary authority has recognized the justification for this approach in 1976.

2. Type

Appropriations to cover expenditure on pre-consultation meetings with European trade union representatives to hear their opinions and to harmonize their positions regarding the development of Community policies:

- trade union representatives' travelling expenses, subsistence allowances and local transport costs;
- expenditure connected with the organization of meetings where existing facilities are not used (e.g., hire of rooms, etc.).

3. Method of calculation and explanation of changes

(a) Method of calculation

Appropriations are calculated according to:

- the number of meetings to be allowed for
- the number of delegates
- the present allowances and travelling expenses
- the venue of meetings
- the price increases to be allowed for

(b) Explanation of increase in appropriations

1976 Appropriations: 100.000 u.a.

1977 Appropriations: 200.000 u.a.

The amount allocated in the 1976 Budget was merely to get the operation off the ground.

The amount requested for 1977, however, is the appropriation originally felt to be justified.

CHAPTER 26 : EXPENDITURE ON STUDIES, SURVEYS AND CONSULTATIONS

| | 1976 | 1977 | Increase | |
|-------------|------------------------|------------|-------------|---------|
| | | | in u.a. | in % |
| Article 260 | 900.000 | 900.000 | | - |
| Article 261 | 1.570.000 | 1.692.000 | + 122.000 | + 7,8 % |
| Article 262 | 1.210.000 | 1.210.000 | | - |
| Article 263 | 520.000 | 520.000 | | - |
| Article 264 | 6.700.000 ¹ | 7.776.000 | + 1.076.000 | + 16 % |
| Article 265 | 280.000 ² | 340.000 | + 60.000 | + 21 % |
| Article 266 | 400.000 | 320.000 | - 80.000 | - 20 % |
| Article 267 | 200.000 | 200.000 | | - |
| | 11.780.000 | 12.958.000 | + 1.178.000 | + 10 % |

¹Including 1.200.000 u.a. entered under Chapter 98.

²Taking account of the transfer of Item 2652, which was 720.000 u.a., to Article 394.

This Chapter contains eight Articles, two of which each incorporate five Items, which by their nature must be subdivided into two categories: firstly, appropriations for allocation (Article 260 "Consultations, studies and surveys of limited scope", Article 262 "Comprehensive Community studies and general surveys", Article 263 "Economic and social studies provided for in Article 46 of the ECSC Treaty" and Article 267 "Studies and surveys on competition in different sectors"), and secondly, appropriations calculated on the basis of specific programmes of activities: Article 261 "Studies and surveys of the short-term economic situation", Article 264 "Statistical studies and surveys", Article 265 "Studies in the field of nuclear energy, etc." and Article 266 "Regional studies at the request of the Member States".

A. APPROPRIATIONS FOR ALLOCATION

1. Legal basis

The legal basis for these appropriations for studies is enshrined in the Treaties establishing the European Communities and in secondary legislation, as regards Articles 260 and 262. Article 263 is based more specifically on Article 46 of the ECSC Treaty¹ and Article 267 on Articles 85 and 86 of the EEC Treaty².

¹Article 46 of the ECSC Treaty reads as follows:

"The High Authority may at any time consult Governments, the various parties concerned (undertakings, workers, consumers and dealers) and their associations, and any experts.

Undertakings, workers, consumers and dealers, and their associations, shall be entitled to present any suggestions or comments to the High Authority on questions affecting them.

To provide guidance, in line with the tasks assigned to the Community, on the course of action to be followed by all concerned, and to determine its own course of action, in accordance with the provisions of this Treaty, the High Authority shall, in consultation as provided above:

1. conduct a continuous study of market and price trends;
2. periodically draw up programmes indicating foreseeable developments in production, consumption, exports and imports;
3. periodically lay down general objectives for modernization, long-term planning of manufacture and expansion of productive capacity;
4. take part, at the request of the Governments concerned, in studying the possibilities for re-employing, in existing industries or through the creation of new activities, workers made redundant by market developments or technical changes;
5. obtain the information it requires to assess the possibilities for improving working conditions and living standards for workers in the industries within its province, and the threats to those standards."

²In order to carry out the tasks provided for in Articles 85 and 86 of the EEC Treaty the Commission must have detailed information concerning the situation on the various markets in Member States, so that it can take action against dealings or operations which would contravene the competition rules applying to undertakings.

2. Type of expenditure

Appropriations for specialized studies contracted out to highly-qualified experts where the Commission cannot use its own staff.

Appropriations under Article 262 can also be used to purchase studies already made or to subscribe to publications for specialized research institutes.

3. Method of calculation and explanation of changes

- 3.1 These appropriations for allocation, for which a maximum amount is laid down by the budgetary authority, are allocated to the Commission to enable it to carry out the tasks which it has set itself, leaving it to determine its own priorities for the use of these limited allocations.

For 1977, as an austerity measure, the Commission is proposing to retain the same amount of appropriations as that adopted for 1976, although this represents a drop in resources in real terms, as price increases will certainly affect the costs of studies, i.e., the payment for work carried out by individuals or groups of experts. The Commission is proposing the following amounts under these four articles:

| | |
|--------------|----------------|
| Article 260: | 900.000 u.a. |
| Article 262: | 1.210.000 u.a. |
| Article 263: | 520.000 u.a. |
| Article 267: | 200.000 u.a. |

- 3.2 However, for Article 263 "Economic and social studies provided for in Article 46 of the ECSC Treaty", which incorporates five items, the breakdown between the items has been changed, although the total amount remains the same:

| | 1976 | 1977 |
|------------|--------------------|--------------------|
| Item 2630: | 10.000 u.a. | token entry |
| Item 2631: | 44.000 u.a. | 22.000 u.a. |
| Item 2632: | 288.000 u.a. | 348.000 u.a. |
| Item 2633: | 138.000 u.a. | 100.000 u.a. |
| Item 2634: | <u>40.000 u.a.</u> | <u>50.000 u.a.</u> |
| Total | 520.000 u.a. | 520.000 u.a. |

No studies are provided for under Item 2630. As the steel market situation has improved, there will be fewer forward programmes under Item 2631. Likewise, fewer appropriations have been requested under Item 2633 compared with 1976 as there are fewer requests from the Member States for studies on the possibilities of redeployment.

However, 1977 will see the beginning of the preparation of the general objectives for 1985-90, so more appropriations will be required than in 1976, which, to some extent, was the last year of the preparation of the 1980-85 objectives. Appropriations under Item 2632 include 120.800 u.a. to enable the Statistical Office to carry out a permanent study on market trends in the

iron and steel industry, to draw up regular forward programmes on steel consumption, by way of a guide, and to define periodically long-term general objectives for the Community iron and steel industry. The appropriations for 1977 are to help to finance the fifth stage of a study on the building and construction industry, including metal structures and civil engineering as part of a five-year research programme on the consumption of steel by sector. This study will be partly financed from appropriations under Article 264.

The increase in appropriations for Item 2634 is designed to enable the Commission to meet new requirements arising from the setting up of an Advisory Committee on Safety, Hygiene and Health Protection at Work.

B. APPROPRIATIONS CALCULATED ON THE BASIS OF SPECIFIC PROGRAMMES OF ACTIVITIES

B.A. Article 261: Studies and surveys of the short-term economic situation

1. Legal basis and description of the operation

These recurrent studies have been going on for a very long time pursuant to:

- (i) decisions taken by the Commission on 15 November 1961:
 - (a) the monthly business survey among enterprises in the Community,
 - (b) the survey of capital investment,
 - (c) the building industry survey, and
- (ii) the Council Decision of 15 September 1970:
 - (d) the EEC consumer surveys.

2. Type of expenditure

Published periodically, these four surveys are polls carried out with the help of specialized national institutes using standard questionnaires to find out opinions and to assess future trends of economic surveys in those industries listed under 1, in order to make the market analysis and forecasts which form the basis for proposals on the main aspects of economic policy which the Commission presents to the Council.

3. Method of calculation and explanation of changes

The method of calculation varies according to the survey:

- For the surveys under (a), (b) and (c) above, the appropriations are to help to meet the cost of EEC surveys carried out by the Member States' national offices. The proportion of costs covered by this contribution varies from country to country, according to the degree of harmonization and the scope of the survey: the number of undertakings and industries surveyed, the number of samples, computer costs, paper costs, wages, printing costs, correspondence, etc.

- For the surveys under (d) the entire costs of carrying out the EEC survey are reimbursed - an amount of 1.209.600 u.a.

Accordingly, the Commission requests the following appropriations for 1977:

| | |
|---|-----------------------|
| - monthly business survey among enterprises in the Community: | 262.380 u.a. |
| - survey of capital investment: | 63.940 u.a. |
| - building industry survey: | 155.980 u.a. |
| - EEC consumer survey: | <u>1.209.600 u.a.</u> |
| Total: | 1.691.900 u.a. |

Accordingly, the increase compared with 1976 is only 8%, the foreseeable rise in prices, and therefore in costs, in the Community.

B.B. Article 264: Statistical studies and surveys

1. Legal basis and description of the operation

The appropriations under this Article are designed to enable the Statistical Office (SOEC) to carry out studies and surveys.

(a) SOEC studies

Statistical Office studies can be put in the same category as the studies charged against the "Appropriations for allocation" described above.

(b) SOEC surveys

It is the responsibility of the Member States to carry out the surveys, usually pursuant to Council Decisions:

1. Survey on the joint index: Article 65 of the Staff Regulations;
2. Surveys to be carried out by Member States on cattle numbers, on forecasts of the availability of bovine animals for slaughter and statistics on slaughtered bovine animals: Council Directive 73/132/EEC of 15 May 1973;
3. Survey on the earnings of workers in agriculture in 1976: proposal for a regulation before the Council;
4. Qualitative surveys of households: social indicators - Action 3b of the Social Action Programme - Council Decision of 21 January 1974;
5. Regional statistics on the international carriage of goods by road: Council Directive 69/467/EEC of 8 December 1969;
6. Survey on the labour force;
7. Survey on agricultural structure: draft regulation in preparation;
8. Survey on sheep numbers;
9. Survey on the "Structure of trade".

2. Type and breakdown of expenditure

The type of expenditure varies, depending on whether studies or surveys are involved.

(a) Studies

As information requirements are increasing, the efficiency of the Community statistical network must be constantly increased and improved by research work, which requires the assistance of specialists from outside the Commission.

(b) Surveys

The integration process requires increasingly detailed and sufficiently harmonized information at Community level to serve as a basis for political decisions.

The Commission provides funds for the Member States for Community surveys.

3. Method of calculation and explanation of changes

These are governed by what has been explained above.

(a) Studies¹

The Commission is asking for the same amount as in 1976, i.e., 956.000 u.a., for the reasons already given for the four articles for allocation referred to.

(b) Surveys

Social surveys

u.a.

| | |
|---------------------------------------|-----------|
| 1. Labour forces | 1.800.000 |
| 2. Earnings of workers in agriculture | 250.000 |
| 3. Qualitative surveys | 350.000 |
| 4. Joint index | 5.000 |

Agricultural surveys

| | |
|------------------------------|-----------|
| 5. Agricultural organization | 900.000 |
| 6. Cattle | 1.800.000 |
| 7. Sheep | 500.000 |
| 8. Orchards (organization) | 400.000 |

Prices

| | |
|---------------------------------------|---------|
| 9. Consumer prices | 100.000 |
| 10. Consumer prices (including rents) | 100.000 |
| 11. Prices of capital goods | 75.000 |
| 12. Prices of energy products | 40.000 |

Miscellaneous

| | |
|---------------------------|---------|
| 13. Transport of goods | 200.000 |
| 14. Organization of trade | 300.000 |

Total: 6.820.000

¹In the draft Budget for 1976, the majority of price surveys were included in the "studies" section.

B.C. Article 265: Studies in the field of nuclear energy, etc.

1. Legal basis and description of the operation: it is based on:

(a) Article 1 of the EAEC Treaty which makes it the task of the Community "to contribute to the raising of the standard of living in the Member States and to the development of relations with the other countries by creating the conditions necessary for the speedy establishment and growth of nuclear industries".

(b) The Resolution on nuclear safety of 22 July 1975.

2. Type and description of expenditure

Technical studies undertaken in the fields of safety, advanced reactors and fuel cycles.

3. Method of calculation and explanation of changes

The Commission proposed transferring Article 2652 of the 1976 Budget "Studies on technical assessments in support of Commission activities" (720.000 u.a. in 1976) to Chapter 39 "Other expenditure on specific projects undertaken by the institution" (Article 394) as this operation covers research activities undertaken at the request of the Commission departments in fields such as energy, raw materials, renewable resources, the environment and data processing. The Commission has proposed to the Council that this operation be financed from the General Budget of the Commission. The sum of 875.000 u.a. has been requested under this heading for 1977.

The Commission is proposing the following appropriations under Article 265:

| | 1976 | 1977 |
|---|--------------|--------------|
| Item 2650: Studies in the context of technical assistance for nuclear plant operators | token entry | token entry |
| Item 2651: Studies of safety techniques | 200.000 u.a. | 200.000 u.a. |
| Item 2653: Studies on advanced reactor designs | 40.000 u.a. | 40.000 u.a. |
| Item 2654: Studies on the nuclear fuel cycle | 40.000 u.a. | 100.000 u.a. |
| Total: | 280.000 u.a. | 340.000 u.a. |

The increase in appropriations requested affects only Item 2654. This is the result of the extension of an operation undertaken in 1976 to examine the advantages and disadvantages of a project for grouping nuclear fuel cycle plants into "fuel parks" as the fact that they are so scattered at present constitutes a safety risk. This solution is currently being proposed in the USA and the study is examining the possibilities for its use in the Community.

B.D. Article 266: Regional studies at the request of the Member States

1. Legal basis and description of the operation

The legal basis is the general principle embodied in Article 2 of the EEC Treaty, entrusting the Community with the task "to promote throughout the Community a harmonious development of economic activities".

2. Type and breakdown of expenditure

Appropriation for regional studies carried out at the request of the Member States in the context of Community regional policy and, in particular, the work of the Regional Policy Committee. Customarily, these studies are financed equally by the Member States and the Commission, each party bearing 50% of the cost.

3. Method of calculation and explanation of changes

The following studies are envisaged for 1977, and mainly involve continuing studies already started:

| | <u>u.a.</u> |
|--|-------------|
| <u>Belgium</u> | |
| 1. Study of the development possibilities of a rural area: South East Belgium: | 40.000 |
| 2. Study of criteria for deciding where to establish a coastal iron and steel complex: | 20.800 |
| <u>France</u> | |
| Study of the present regional air service within Europe: | 24.000 |
| <u>Germany</u> | |
| Comparative study of the de-urbanization policies of Member States: | 28.000 |
| European regional policy: | 21.000 |

United Kingdom

A study of the employment and income effects of the establishment of the Companies Registration Office at Cardiff: 2.800

A study of the employment and income effects of the establishment of an Inland Revenue Office at Cumbernauld: 1.350

A study of the impact on regional economic development of energy demands and resources (Northern Ireland): 51.000

Denmark:

Principal study on the relocation of traditional metropolitan economic activities in the Copenhagen region: 35.000

Italy

1. Study of a Community topic: 20.000

2. Study of the specific development problem of a region: 20.000

Ireland

1. Study of a Community topic: 20.000

2. Study of the specific development problem of a region: 20.000

Luxembourg

Study of frontier problems: 16.000

320.000

CHAPTER 27 EXPENDITURE ON PUBLISHING AND INFORMATION

ARTICLE 270 OFFICIAL JOURNAL

1. Legal basis

Article 191 of the EEC Treaty

Council Decision of 15 September 1958 (establishment of the Official Journal)

Council Regulation No 1/58, as amended by the Act of Accession relating to the rules governing the languages

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover the costs of printing and carriage of the Official Journal and of the lists of contents (monthly and annual)

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|----------------|------------------|
| Printing costs | 5.284.000 |
| Carriage costs | 70.000 |
| | <u>5.354.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the rate of growth in printing and carriage costs
- the foreseeable price increases
- the rate of increase in the number of pages to be printed

(b) Explanation of changes

1976 Appropriations: 5.000.000,¹
1977 Appropriations: 5.354.000¹

The increase of about 7% in the appropriation in comparison with 1976 takes into account, in addition to the foreseeable price increases:

- the ever-increasing number of pages to be printed
- the proceeds from the sale of the Official Journal, which are available for re-use and which are forecast for 1977 at 300.000 u.a.

ARTICLE 271 PUBLICATIONS

1. Legal basis

Appropriations necessary for the fulfilment of the Community's tasks

2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover all the expenditures relating to the traditional publications of the Commission other than the Official Journal and the publications associated with implementing certain specific policies the expenditure for which is chargeable to the operational appropriations

- the publications provided for in the Treaties and the Regulations
- the periodicals published by the Commission
- the publications of the Statistical Office
- the brochures and publications relating to the dissemination of technical and economic information.

¹ An appropriation of 146.000 u.a. relating to the establishment of a supplement to the Official Journal intended for the publication of the invitations to tender issued by the European Development Fund is entered in Chapter 100. Transfer of this appropriation to Article 270 will be requested of the Budgetary Authority if it is decided to go ahead with this supplement.

These expenditures also include:

- printing costs
- the costs relating to preparatory work (authors' contracts), revising and editing.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> | |
|--|------------------|------------------|
| | <u>1976</u> | <u>1977</u> |
| Publications of a general nature | 1.638.000 | 1.800.000 |
| Publications of a statistical nature | 1.100.000 | 1.265.000 |
| Other publications and expenditure on popularization | <u>162.000</u> | <u>178.000</u> |
| | <u>2.900.000</u> | <u>3.243.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The calculation of the appropriation is based on:

- the volume of publications to be printed
- the current printing costs
- the foreseeable price increases, in particular as regards paper and labour in the printing sector

(b) Explanation of changes

1976 Appropriations: 2.900.000 u.a.

1977 Appropriations: 3.243.000 u.a.

The increase anticipated for general publications and for other publications is some 10%. On the other hand, the increase anticipated for statistical publications is about 15%; this not only takes into account the foreseeable price increases, but also an increase in the volume of the publication work.

ARTICLES 272 AND 273 EXPENDITURE ON INFORMATION

1. Legal basis
Usual practice
2. Type and breakdown of the expenditure

(a) Type

The appropriation is intended to cover all the expenditure relating to the Commission's budget for its information programme which is implemented by all the appropriate technical means (publications, conferences, exhibitions, radio, television, cinema, fact-finding visits, etc.).

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|---|------------------|
| Expenditure on information, popularization and participation in public events | 5.980.000 |
| Dissemination of information to young people | 1.196.000 |
| Information projects relating to direct elections to the European Parliament | <u>400.000</u> |
| | <u>7.576.000</u> |

The breakdown of the appropriation can be seen from the attached table, which presents all the main components of the information programme.

3. Method of calculation and explanation of changes

(a) Method of calculation

The method of calculation is based on:

- the current volume of information activities
- the foreseeable rate of inflation
- the new measures to be taken

(b) Explanation of changes

1976 Appropriations: 6.240.000 u.a.
1977 Appropriations: 7.576.000 u.a.

The increase of the appropriation in comparison with 1976 is some 21%.

This increase takes into account:

- the foreseeable rate of inflation (10%)
- the increase in the activities of the press and information offices established during recent financial years
- the information projects to be implemented in preparation for direct elections to the European Parliament.

1977 INFORMATION PROGRAMME

| | <u>1976</u> Distribution of appropriate tutions on 1.1.1976 | <u>1977</u> Provisional distribution |
|---|---|--|
| A. <u>INFORMATION IN THE MEMBER STATES</u> | | |
| <u>General information</u> (including informing the general public): Information by media which do not specialize in one subject or one section of the public such as: magazines, newsletters, basic brochures, broad-coverage visits, review films ... | | |
| . Centralized general information | 734.400 | 800.000 |
| . Decentralized general information | <u>1.827.640</u> | <u>2.200.000</u> |
| Total, General information | 2.562.040 | 3.000.000 |
| <u>Informing specific categories of person</u> | | |
| Information particularly directed towards specific categories such as: farmers, consumers, middle and senior management, NGOs, trades unions, universities, young people and educational circles ... | | |
| . Centralized information | 1.476.300 | 1.700.000 |
| . Decentralized information | <u>753.580</u> | <u>900.000</u> |
| Total, Information for specific categories | 2.229.880 | 2.600.000 |
| <u>Total, Information in the</u> <u>Member States</u> | 4.791.920 | 5.600.000 |
| B. <u>INFORMATION IN NON-MEMBER COUNTRIES</u> | | |
| European countries with which the Community has concluded a free-trade agreement | | |
| | 72.700 | 100.000 |
| Mediterranean countries | 248.000 | 300.000 |
| Countries associated with the Community under the Lomé Convention (ACP) | 133.600 | 200.000 |
| Major industrialized countries (United States, Canada, Japan) | 321.700 | 400.000 |
| Latin America | 48.000 | 70.000 |
| Other non-member countries | <u>13.000</u> | <u>30.000</u> |
| <u>Total, Information in third countries</u> | 837.000 | 1.100.000 |
| C. <u>BACK-UP</u> | | |
| Editorial and graphic work, technical operation of radio and television studios, opinion polls and surveys, general and miscellaneous costs | | |
| | 611.080 | 876.000 |
| <u>TOTAL</u> | <u>6.240.000</u> | <u>7.576.000</u> |

CHAPTER 28 SUBSIDIES FOR BALANCING BUDGETS

ARTICLE 280 EAEC SUBSIDY FOR THE OPERATION OF THE SUPPLY AGENCY

1. Legal basis

- Articles 52 to 54 of the EAEC Treaty
- The statutes of the Euratom Supply Agency (OJ No 27 of 6 December 1958, p. 534/58) state, inter alia, in Article VI:

"Charges

1. The Agency shall make a charge, the proceeds of which shall be used solely to defray its operating expenses.
2. The charge shall be made on transactions in which the Agency takes part by exercising its right of option or its exclusive right to conclude supply contracts.
3. The rate of charge shall be fixed in such a way as to defray the operating expenses of the Agency.
.....
.....
.....
4. The rate of charge and the methods whereby it is to be assessed and collected shall, after consultation with the Council, be fixed by the Commission acting on a proposal from the Director-General, who shall obtain beforehand the opinion of the Advisory Committee referred to in Article X."

At the time of the consultation with the Council (23rd session of the EAEC Council on 1/2 February 1960) concerning the rate of charge and the methods whereby it was to be assessed and collected by the Agency, the Council, replying to the request for consultation that had been placed before it,

"proposes unanimously that the Commission postpone, not only the levying of the charge, but also the actual introduction of the said charge".

Faced with this attitude on the part of the Council, the President of the Commission stated

"that the unanimous nature of this consultation will have a decisive effect on the acts of his Institution".

Nevertheless, the Commission drew the attention of the Council

"to the consequences that a decision to postpone the introduction of the charge would have for the budget of the Community.

"The appropriations necessary to ensure the normal operation of the Agency would be allocated, in the Community's budget, to the Commission section."

It is on this basis that a subsidy is included in the Commission's budget to balance the revenue side against the Agency expenditure figures shown in the statement of estimates.

2. Type and breakdown of expenditure

(a) Type

The statement of estimates of the Agency's expenditure for the financial year 1977 totals 633.800 u.a.

The estimated revenue of the Agency (tax yield, contributions to the pension scheme, bank interest) amounts to 65.400 u.a.

The consequent imbalance between revenue and expenditure is 568.400 u.a.

This amount is included in the form of a subsidy to the Agency in Section III - Commission - of the general budget.

(b) Breakdown

The breakdown of the Agency expenditure into "major items" is as follows:

| | |
|--|--------------------|
| - staff expenditure | 525.800 u.a. |
| - buildings, equipment and miscellaneous operating expenditure | 96.000 u.a. |
| - other expenditure | <u>12.000 u.a.</u> |
| | 633.800 u.a. |

3. Method of calculation and explanation of changes

The 1976 establishment plan for the Agency authorizes 19 posts

In the Agency statement of estimates, the expenditure for the 19 posts already authorized is covered for 12 months.

The calculations of staff expenditure are identical to those for the Commission staff as a whole, the description of which is presented on pages 107 to 112.

The increase of the subsidy by 132.200 u.a. in 1977 is due essentially to the following factors:

- the number of authorized posts was increased from 14 in 1975 to 19 in 1976. The 5 additional posts are covered in 1976 only by appropriations for 6 months; extending this to 12 months in 1977 gives rise to an inevitable increase in appropriations
- the automatic advancement of certain officials of the Agency to a higher step of their grade
- the implementation of a programme to strengthen the security of the Agency (spread out over several financial years)
- the greater number of meetings of the Advisory Committee of the Agency (33 members) and of its study groups.

ARTICLE 281 SUBSIDY FOR THE OPERATION OF THE COMMUNITY
BUSINESS COOPERATION CENTRE

1. Legal basis

Commission Decision of 2 May 1973.

2. Type and breakdown of the expenditure

(a) Type

This appropriation represents the subsidy necessary to ensure the operation of the Community Business Cooperation Centre.

(b) Breakdown

The breakdown of the expenditure is as follows:

| | <u>u.a.</u> |
|---|---------------|
| Rent, maintenance and other charges, cleaning | 19.600 |
| Equipment | 2.200 |
| Telephones, communications | 11.000 |
| Missions and duty travel | 22.000 |
| Documentation | 2.000 |
| Studies | 4.000 |
| Meetings of experts | 5.000 |
| Representation costs | <u>200</u> |
| | <u>66.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

The calculation of the appropriation is based on:

- the present rate of expenditure on operating the Centre
- the foreseeable price increases

(b) Explanation of changes

Appropriations 1976: 60.000 u.a.

Appropriations 1977: 66.000 u.a.

The increase of 10% in the appropriation in comparison with 1976 is necessary to take into account the foreseeable inflation rate.

ARTICLE 282

EUROPEAN COMMUNITIES' INSTITUTE FOR ECONOMIC ANALYSIS AND RESEARCH

1. Legal basis

Proposal submitted to the Council (Doc. COM(75)31 final) on 10 October 1975

Opinion of the European Parliament of 11 March 1976

2. Type and breakdown of expenditure

The Institute is to be an independent body.

(a) Type

This appropriation is to provide the grant to the planned European Communities' Institute for Economic Analysis and Research.

It is intended to enable the Institute to finance all its expenditure:

- staff expenditure
- running costs (rent and associated expenditure, hire of data-processing equipment, library, etc.)
- operational expenditure (studies, meetings, conferences, etc.)

(b) Breakdown

The expenditure may be apportioned as follows:

| | <u>u.a.</u> |
|-----------------------------------|-------------|
| Staff expenditure | 300.000 |
| Rent and associated expenditure | 370.000 |
| Hire of data-processing equipment | 10.000 |
| Library | 20.000 |
| Studies carried out outside | 150.000 |
| Meetings and symposia | 150.000 |

1.000.000

3. Method of calculation

The appropriation is calculated as follows:

- staff to be recruited¹
- the level of operations which should be planned
- the Institute's operation during six months of the 1977 financial year.

This is a launching appropriation which is intended to cover the Institute's expenditure during its first year.

ARTICLE 289 EUROPEAN SCHOOLS

1. Legal basis

The Statute of the European School of 12 April 1957 and the Protocol on the setting-up of European Schools of 13 April 1962 govern the creation and running of the European Schools.

The Board of Governors is responsible for budget matters; (this body consists of the Minister or Ministers of each Contracting Party for Education and/or cultural relations with other countries. For the Federal Republic of Germany the competent authorities are the Minister for Foreign Affairs and the President of the Permanent Conference of Ministers of Public Instruction).

2. Type and breakdown of expenditure

(a) Type

The budgets of the European Schools which are approved by the Board of Governors cover:

- expenditure relating to the remuneration of all the Schools' staff (teaching and other staff). This expenditure accounts for some 85-90% of the total amount of the budgets;
- operating and equipment expenditure which accounts for some 15-10% of the total amount of the budgets.

The salaries of teachers seconded to the Schools by the Member States are not paid out of these budgets unless stipulated by provisions applying in the Member State which differ from one country to another. Remunerations must be adjusted to give a standard European salary level for all teachers (National salary plus adjustment).

Taking into account the amounts paid over by the Member States to their seconded teachers the total resources of the Schools covers:

- on the basis of the salaries now authorized +34% of their needs
- on the basis of the estimated salary adjustments before the end of 1977 +16% of their needs

¹ It is planned that the Institute's staff (25% of which will be recruited in 1977) will be made up of the following:

| | | |
|------|------|-----|
| 1 A1 | 10 B | 2 D |
| 20 A | 10 C | |

The aid entered in the General Budget (Section III - Commission) for the Schools is intended to balance the revenue and expenditure of the Schools' budgets.

(b) Breakdown

Subsidies are granted to each School:

European School, Brussels
European School, Luxembourg
European School, Mol
European School, Varese
European School, Karlsruhe
European School, Bergen.

3. Method of calculation and explanation of changes

The budgets of the Schools for 1977 set - according to the provisions applicable to remuneration at the time of their approval (end May 1976) by the Board of Governors - the Commission's contribution 15.565.002 u.a. at

To this amount is to be added expenditure resulting from decisions to be taken by the Council of the European Communities in the course of 1976 on the adjustment of Community officials' salaries. These decisions will involve a harmonization of the salaries of the Schools' staff as described under point 2(a) above.

The cost will be

2.565.598 u.a.

The amount of

18.130.600 u.a.

will therefore be entered in Article 289 of the General Budget, Section III - Commission.

Allowance has been made for the repercussions of the decisions in respect of remunerations which the Council will be asked to take during 1977 on the Schools under Chapter 100 of the General Budget, Section III - Commission. An amount of has been entered under this Chapter.

1.805.800 u.a.

The Board of Governors of the Schools will - according to the usual practice - approve supplementary budgets for each School in the course of 1977. These budgets will necessitate additional contributions on the part of the Commission. For this purpose 4% of the total appropriations allocated to the Schools, i.e.

797.500 u.a.

are incorporated provisionally in Chapter 100 of the General Budget, Section III - Commission, in accordance with the procedure followed each year. The total appropriations allocated to the Schools for 1977 are

20.733.900 u.a.

In relation to the total appropriations allocated to the Schools in 1976 (Chapters 43 and 98) which amount to

19.024.874 u.a.

appropriations for 1977 have risen by

1.709.026 u.a.

= +8,98%

=====

This increase is mainly due to

- the increase in the number of pupils, mainly because of the expansion of the British and Danish sections;
- the consequent increase in the number of teachers;
- the automatic advancement of some staff to higher incremental steps;
- the occupation of new school buildings (Brussels and Bergen);
- the effect of the cost of living on certain operating costs.

Historical Archives of the European Commission

CHAPTER 29*

SUBSIDIES AND FINANCIAL CONTRIBUTIONS

1. Legal basis

Appropriations allocated to the Commission by virtue of the tasks assigned to it by the Treaties - a right which has always been recognized by the Budgetary Authority.

2. Type and breakdown of expenditure

(a) Type

This appropriation is intended to cover the following items of expenditure:

- subsidies:
 - to institutions of higher education,
 - European movements,
 - scientific and technological organizations of general importance,
 - other subsidies,
- contributions to:
 - the organization of congresses and occasional meetings,
 - specific programme for the accelerated training of interpreters,
 - grants, European prizes and aid for the publication of works of a scientific nature.

(b) Breakdown

Expenditure may be broken down as follows:

| | <u>U. a.</u> |
|---|----------------|
| Subsidies to institutions of higher education | 124.000 |
| Subsidies to European movements | 160.000 |
| Participation in the organization of congresses and occasional meetings | 60.000 |
| Grants for research and study | 40.000 |
| Grants for the further training of conference interpreters | 18.000 |
| Other grants | 60.000 |
| European prizes and aid for the publication of works of a scientific nature | 13.000 |
| Contribution to a specific programme for the accelerated training of interpreters | 150.000 |
| Subsidies to scientific and technological organizations of general importance | 35.000 |
| Other subsidies | <u>194.000</u> |
| | <u>854.000</u> |

*Other than under Article 298.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the basis of:

- the current level of subsidies, contributions and grants,
- the probable rate of inflation,
- new operations to be undertaken.

(b) Explanation of changes

1976 Appropriations: 763.000 u.a.

1977 Appropriations: 854.000 u.a.

Apart from the expected rate of inflation, the increase in appropriations compared with 1976 is due to the new subsidies which are to be granted to organizations of common interest in the field of science and technology.

ARTICLE 298 EEC CONTRIBUTION TO ADMINISTRATIVE EXPENDITURE CONNECTED WITH INTERNATIONAL AGREEMENTS

1. Legal basis

(a) International Wheat Agreement

Council Decision of 28 May 1975 on the Community's accession for a further year from 1 July 1975 to the International Wheat Agreement.

(b) International Tin Agreement

The Fourth International Tin Agreement (signed by the Communities on 27 January 1971) covering the period from 1 January 1971 to 30 June 1976.

A proposal for a Council Decision on the Fifth Agreement which will enter into force on 1 July 1976 is now being prepared.

(c) International conventions on the environment

(1) Paris Convention for the prevention of marine pollution from land-based sources

Convention signed by the Community on 26 June 1975.

(2) Barcelona Convention for the protection of the Mediterranean against pollution

Council Decision of 8 December 1975 - the procedures preparatory to the signing of the Convention by the Community are in hand.

(3) Convention for the protection of the Rhine against chemical pollution

Council Decision of 19 January 1976 - the procedures preparatory to the signing of the Convention by the Community are in hand.

2. Type and breakdown of expenditure

(a) Type

The appropriation is intended to cover the Communities' share of the operating costs of the administrative organizations for certain international agreements and conventions.

(b) Breakdown

The expenditure can be apportioned as follows:

| | u.a. |
|---|----------------|
| - International Wheat Agreement | 201.000 |
| - International Olive Oil Agreement | token entry |
| - International Sugar Agreement | token entry |
| - International Coffee Agreement | token entry |
| - International Tin Agreement | 4.800 |
| - International Cocoa Agreement | token entry |
| - International conventions on the environment: | |
| - Paris Convention for the prevention of marine pollution from land-based sources | 4.000 |
| - Barcelona Convention for the protection of the Mediterranean against pollution | 2.000 |
| - Convention for the protection of the Rhine against chemical pollution | 4.000 |
| | <u>215.800</u> |

The budget entries relating to the International Olive Oil, Sugar, Coffee and Cocoa Agreements have been retained in anticipation of the possible accession of the Community to these agreements.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriation is calculated on the following basis:

- the planned administrative budgets of the bodies administering the agreements;
- the proportion of these budgets to be financed by the Commission (this percentage is based on the number of Community votes in relation to those of other parties to the agreements).

(b) Trend in appropriations and explanation

Appropriations 1976: 141.800 u.a.

Appropriations 1977: 215.800 u.a.

The increase in appropriations over those for 1976 is necessary firstly to cover the Communities' larger contribution to the operating costs of the International Wheat Council for 1976/77 (the larger contribution planned for the year 1975/76 could only be financed by boosting the appropriations by a transfer between items of the Budget) and secondly to cover the Community's planned contributions to the new international conventions on the environment.

TITLE 3 OPERATING EXPENDITURE

Historical Archives of the European Commission

CHAPTER 30 EXPENDITURE IN THE SOCIAL SECTOR

| Article or Item | Heading | Appropriations 1976 | Forecasts 1977 | Changes 1976/77 | |
|-----------------|---|---------------------|----------------------|-----------------|---------------|
| | | | | amount | % |
| 300 | Administrative Commission on social security for migrant workers | 510.000 | 570.000 | + 60.000 | + 12 % |
| 3010 | European Centre for the Development of Vocational Training | 1.600.000 | 2.100.000 | + 500.000 | + 31 % |
| 3011 | Other activities relating to vocational training | 250.000 | 240.000 | - 10.000 | - 4 % |
| 3020 | Expenditure relating to continuation of the first programme of exchanges of young workers | 550.000 | 45.000 | - 10.000 | - 18 % |
| 3021 | Expenditure relating to the second programme of exchanges of young workers | token entry | 55.000 | + 55.000 | New operation |
| 3030 | Contribution to pilot projects on better housing for handicapped workers | 450.000 | 150.000 ¹ | - 300.000 | - 66.6% |
| 3031 | Contribution to pilot projects on better housing for migrant workers | token entry | 150.000 ¹ | + 150.000 | New operation |
| 304 | Measures in support of, and with the participation of, movements which could increase the effectiveness of the social policy of the Community | 140.000 | 175.000 | + 35.000 | + 25 % |
| 3050 | Research and action programme on labour market trends | 200.000 | 400.000 | + 200.000 | + 100 % |
| 3051 | Contribution to pilot projects on better housing for handicapped workers | 200.000 | 300.000 | + 100.000 | + 50 % |

| Article or Item | Heading | Appropriations 1976 | Forecasts 1977 | Changes 1976/77 | |
|-----------------|---|---------------------|------------------------|-----------------|----------|
| | | | | amount | % |
| 3052 | Community system of guaranteed incomes for workers during retraining | token entry | token entry | - | - |
| 306 | Campaign against poverty | 2.875.000 | 1.170.000 ¹ | - 1705.000 | - 40,7 % |
| 307 | Community measures for the participation of both sides of industry in the Community's economic and social decisions - Operation of the European Trade Union Institute | 50.000 ² | 500.000 | + 450.000 | +900 % |
| 308 | Assistance to victims of accidents in the coal and steel industries and aid to orphans | 200.000 | 240.000 | + 40.000 | + 20 % |
| 309 | Community aid to workers made redundant in the Italian sulphur mines | 350.000 | 150.000 | - 100.000 | - 40 % |
| | CHAPTER 30 - TOTAL | 6.780.000 | 6.245.000 | - 535.000 | - 7,9 % |

¹ Appropriation for payment, see corresponding Items below.

² Appropriation entered in Chapter 98.

CHAPTER 30 EXPENDITURE IN THE SOCIAL SECTOR

ARTICLE 300 ADMINISTRATIVE COMMISSION ON SOCIAL SECURITY FOR MIGRANT WORKERS

1. Legal basis and description of the operation

Pursuant to Council Regulation No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community (OJ No L 149 of 5 July 1971), the Administrative Commission, made up of a representative of each of the Member States and a representative of the Commission (in an advisory capacity) has the following main tasks:

- to deal with all administrative questions and questions of interpretation arising from the Regulation and to carry out all translations of documents relating to its implementation;
- to foster cooperation between the Member States with a view to expediting the payment of benefits;
- to assemble the factors to be taken into consideration for calculating the costs to be borne by the institutions of the Member States under the Regulation;
- to submit proposals to the Commission for adding to or improving existing regulations.

2. Type and breakdown of expenditure

This appropriation is mainly to cover expenditure on the following:

- Meetings, publications (forms, guides), translations, technical assistance from the International Labour Office and experts' fees.

3. Method of calculation and explanation of changes

(a) Method of calculation

- | | |
|--|--------------|
| - Meetings of the Administrative Commission, Audit Board, Advisory Committee and working parties | 145.000 u.a. |
| - Reprinting of Forms E | |
| Appropriation representing half of expenditure for 1975 | 20.000 u.a. |
| - Third amending supplement of the Practical Handbook of Social Security | |
| Repeat of 1976 forecasts | 16.000 u.a. |
| - Reprinting of Guides | |
| The appropriation, for a small reprint, amounts to the average of appropriations for this in 1975 and 1976 | 110.000 u.a. |

| | |
|--|--------------|
| - Technical assistance from the ILO | |
| The amount allocated for 1976 has been readopted without increase | 25.000 u.a. |
| - Experts' fees | |
| The appropriation shown is that granted for 1976 | 18.000 u.a. |
| - Freelance translations | |
| The amount allocated for 1976 has been increased by 10%: $210.000 + 10\% = (\text{approx.})$ | 230.000 u.a. |
| - Miscellaneous | |
| The amount allocated for 1976 has been increased by 20%: $5.030 + 20\% = (\text{approx.})$ | 6.000 u.a. |
| Total: | 570.000 u.a. |

(b) Explanation of the change

1976 Appropriations: 510.000
1977 Appropriations: 570.000

The increase of 12% corresponds to the increase of the costs and a very slight increase of funds in real terms.

ARTICLE 301 TASKS ENTRUSTED TO THE COMMISSION IN THE FIELD OF VOCATIONAL TRAINING

ITEM 3010 EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING

1. Legal basis and description of the operation

(a) Legal basis

The European Centre for the Development of Vocational Training, one of the priority measures in the social action programme (Council Resolution of 21 January 1974) was set up by Council Regulation No 337/75 of 10 February 1975.

Under this Regulation the budget of the European Communities must include a subsidy for the Centre each year under a specific heading. The appropriation under this item represents this subsidy.

(b) Description of the operation

The aim of the Centre is to assist the Commission in encouraging, at Community level, the promotion and development of vocational training and of in-service training.

To that end, within the framework of the guidelines laid down by the Community, it contributes, through its scientific and technical activities, to the implementation of a common vocational training policy. In particular, it encourages the exchange of information and experience. (Article 2 of Regulation No 337/75.)

Its main activities are in documentation, research, dissemination of information and approximation of training standards with a view to the mutual recognition of qualifications.

The Centre has its seat in Berlin. It is administered by a Management Board representing the Member States, employers, workers and the Commission.

2. Type and breakdown of expenditure

(a) Type: Subsidy

(b) Breakdown of expenditure

| | | |
|-------------------------------|-----------------------|--|
| 1. Staff | <u>1.054.100 u.a.</u> | for the following staff: |
| | | Director A3 1 |
| | | Deputy Directors A4 2 |
| | | A5 to A7 grade staff, including three translators 14 |
| | | Category B staff 5 |
| | | Category C staff 8 |
| | | Local staff 4 |
| | | <hr/> |
| | | Total 34 |
| 2. Administration | <u>215.900 u.a.</u> | including 77.000 u.a. for the cost of meetings of the Management Board and meetings of experts. |
| 3. Operational expenditure | <u>870.000 u.a.</u> | including 270.000 u.a. for the dissemination of information (especially the vocational training bulletin), 300.000 u.a. on the development and coordination of research and 200.000 u.a. for the cost of studies and pilot schemes. |
| Total | <u>2.140.000 u.a.</u> | of which 40.000 u.a. is received for services rendered to third parties or as bank interest. |
| Subsidy requested | 2.100.000 u.a. | |

3. Method of calculation and explanation of changes

The subsidy is based on the Centre's annual forecast.

1976 Appropriations: 1.600.000

1977 Appropriations: 2.100.000

This is an increase by one third, warranted by the fact that the Centre will be fully operational in 1977.

ITEM 3011 OTHER ACTIVITIES RELATING TO VOCATIONAL TRAINING

1. Legal basis and description of the operation

EEC Treaty - Article 118 and 128

"Without prejudice to the other provisions of this Treaty and in conformity with its general objectives, the Commission shall have the task of promoting close cooperation between Member States in the social field, particularly in matters relating to: ..."

Article 128

"The Council shall, acting on a proposal from the Commission and after consulting the Economic and Social Committee, lay down general principles for implementing a common vocational training policy capable of contributing to the harmonious development both of the national economies and of the common market."

Council Decision of 2 April 1963 laying down general principles for implementing a common vocational training policy (OJ No 63 of 20 April 1963).

Council Resolution of 21 January 1974 (social action programme), in particular its priority No 3: "Implementation of a common vocational training policy ..." (OJ No C 13 of 12 February 1974).

It is for this implementation, backed by the Centre's activities (Item 3010), that the appropriations against this Item are to be used.

2. Type and breakdown of expenditure

u.a.

- | | |
|---|--------|
| (a) Further training courses for managers and leaders from business representative bodies in the Community. | 50.000 |
| (b) Contributions to the development of modern training technology, especially as regards the training of training staff and educational methods. | 60.000 |
| (c) Subsidies to European vocational training organizations specializing in certain sectors or branches of the economy and in certain categories of worker. | 60.000 |

| | |
|---|---------------|
| (d) Contributions to the organization of study meetings and other events of Community interest, to the holding of European competitions and tests, to the drawing up of European vocational monographs, to information visits to educational institutes and to preparatory technical work | u.a. (cont'd) |
| | 40.000 |
| (e) Development of vocational guidance services | <u>30.000</u> |
| | 240.000 |

3. Method of calculation and explanation of changes

Projects (a) to (d): continuation of projects already financed under this Item. Amounts revised to accord with the progress status of the project (development or decline in activity).

Project (e): continuation of a project (training courses for vocational guidance officials) hitherto charged to Article 303.

1976 Appropriations: 250.000

1977 Appropriations: 240.000

This decrease is the result of two sets of opposing changes:

| | |
|--|----------|
| - discontinuation of the CEPFAR subsidy previously charged to this Item (project (c)), or, by comparison with 1976 | - 60.000 |
| - reduction in project (d) | - 10.000 |
| + transfer to this Item of project (c), previously charged to Item 3051 (former Article 303) | + 30.000 |
| + expansion of project (a) | + 20.000 |
| + expansion of project (e) (disregarding CEPFAR) | + 10.000 |
| | <hr/> |
| Total | - 10.000 |

ARTICLE 302 TASKS ENTRUSTED TO THE INSTITUTION IN THE PROMOTION
OF EXCHANGES OF YOUNG WORKERS

ITEM 3020 EXPENDITURE RELATING TO CONTINUATION OF THE FIRST
EXCHANGE PROGRAMME FOR YOUNG WORKERS

1. Legal basis and description of the operation

(a) Legal basis

Article 50 of the EEC Treaty.

"Member States shall, within the framework of a joint programme, encourage the exchange of young workers."

"First joint programme for promoting the exchange of young workers within the Community", decided by the Council on 8 May 1964 (OJ No 78, 22 May 1964).

(b) Description of the operation

Objective: To open the minds of those participating in these exchanges, both professionally and to European awareness.

The Member States are responsible for initiating and paying for these exchanges. The Commission's contribution lies in the organization of meetings at the beginning of the course in order to initiate these young people into the true facts about the Community and meetings at the end of the course with a view to drawing the conclusions from it.

2. Type and breakdown of expenditure

Meetings before and after the exchange period.

3. Method of calculation and explanation of changes

(a) Method of calculation

The rules currently in force as regards the meetings, with a 50% reduction in the subsistence expenses of exchangees.

(b) Explanation of changes

1976 Appropriations: 55.000
1977 Appropriations: 45.000

Completion of the first programme prior to the launching of the second programme (Item 3021).

ITEM 3021 EXPENDITURE RELATING TO THE SECOND EXCHANGE
PROGRAMME FOR YOUNG WORKERS

1. Legal basis and description of the operation

(a) Legal basis

Article 50 of the EEC Treaty (cf. Item 3020).

(b) Description of the operation

In comparison with the first programme, the second provides for more exchanges of young workers and greater effectiveness (mainly by means of prior instruction in the language).

In March 1976 the Commission gave the European Parliament an undertaking that it would encourage exchanges of young workers.

2. Type and breakdown of expenditure

This new programme will in particular cover the following operations:

- (a) Effective extension of courses to the commercial, small-business and craft sectors, and to cultural workers;
- (b) Encouragement of those displaying interest in the exchanges in these sectors, the better to promote exchanges in these fields with the participation, in particular, of young unemployed workers;
- (c) Subsidies for specialist organizations to permit language-teaching specifically for the young exchangees (organization of intensive language courses, either in the workers' home country or the host country; utilization of audio-visual methods; pre-recorded courses);
- (d) Contributions to organizations giving assistance to exchangees both in their home and host countries;
- (e) Provision of Community grants for exchangees not receiving grants from their Governments or other national bodies.

3. Method of calculation and explanation of changes

The appropriation of 55.000 u.a. is intended to finance experimental action preparatory to the second programme and its launching.

ARTICLE 303 COMMUNITY MEASURES TO IMPROVE WORKERS' LIVING CONDITIONS
ITEM 3030 CONTRIBUTION TO PILOT PROJECTS ON BETTER HOUSING
 FOR HANDICAPPED WORKERS

1. Legal basis and description of the operation

(a) Legal basis

First paragraph of Article 117 of the EEC Treaty:

"Member States agree upon the need to promote improved working conditions and an improved standard of living for workers, so as to make possible their harmonization while the improvement is being maintained."

(b) Description of the operation

This item is intended to encourage the construction at national level of housing specially designed for handicapped workers. The Community will also take steps to communicate the results to the authorities and other interested bodies in the other Member States.

2. Type and breakdown of expenditure

Financing of supplementary expenditure relating to the application of minimum European standards for the housing of handicapped persons in a new construction programme for 600 dwellings in 1977.

3. Method of calculation and explanation of changes

(a) Method of calculation

| | | |
|---|---------------------|---|
| Cost per dwelling: | 25.000 u.a. in 1977 | |
| 600 dwellings in 1977, of which: | 350 Level I | ease of accessibility of the dwelling |
| | 250 Level II | interior design and layout variable to the handicap |
| Supplementary expenditure for Level I, approx. | | 2% |
| Supplementary expenditure for Level II, approx. | | 5% |
| Total supplementary expenditure: | \pm 490.000 u.a. | |
| Expenditure on supervision (periodic reports): | \pm 10.000 u.a. | |
| | 500.000 u.a. | |

(b) Explanation of changes

In view of the increase in costs, the volume of this operation will not be stepped up in 1977.

| Commitments | | Payments | | | | |
|-------------|--------------|----------------------|----------------------|----------------------|----------------------|---------|
| | | 1976 | 1977 | 1978 | 1979 | Total |
| 1976 | 450.000 u.a. | 150.000 ^a | 150.000 ^b | 150.000 ^c | - | 450.000 |
| 1977 | 500.000 u.a. | - | 150.000 ^a | 200.000 ^b | 150.000 ^c | 500.000 |

^a Appropriations for the financial year.

^b Automatic carryover.

^c Re-entry (appropriations for payment).

New operation

ITEM 3031 CONTRIBUTION TO PILOT PROJECTS ON BETTER HOUSING FOR MIGRANT WORKERS

1. Legal basis and description of the operation

In its Resolution of 9 February 1976 (OJ No C 34 of 14 February 1976) concerning an action programme for migrant workers and members of their families, the Council recognized the particular importance which should be attached to measures to house migrant workers (see paragraph 3 of the Resolution). The Commission intends to make a contribution towards the financing of work to modernize multi-household or single-household dwellings rented to migrant workers.

2. Type

Contribution to the cost of modernizing housing.

3. Method of calculation

Flat-rate estimate for launching the operation in 1977: 500.000 u.a.

1977 Appropriations for commitment: 500.000 u.a.
 1977 Appropriations for payment : 150.000
 1978 : 200.000
 1979 : 150.000

ARTICLE 304 MEASURES IN SUPPORT OF, AND WITH THE PARTICIPATION OF,
MOVEMENTS WHICH COULD INCREASE THE EFFECTIVENESS OF THE
SOCIAL POLICY OF THE COMMUNITY

1. Legal basis and description of the operation

The social action programme gave priority to migrant workers, handicapped persons and women (Council Resolution of 21 January 1974).

(a) Migrant workers

On 9 February 1976 the Council passed a Resolution on an action programme for migrant workers and members of their families (OJ No C 34 of 14 February 1976).

In it the Council states (Point 2 (a)), inter alia:

"... offering appropriate assistance to migrant workers and members of their families to facilitate their integration in the host country, particularly by improving the social infrastructure and making more information available ..."

and stated (Point 3):

"that with a view to promoting the social and occupational advancement of migrant workers and members of their families, particular importance should be attached to measures concerning information, and the creation of a better understanding among the general public of the host country of the problems of migrant workers and members of their families".

With this in view the Commission grants financial aid to organizations representing migrant workers or operating for their benefit (reception, information, assistance).

(b) Handicapped persons

The Council has adopted a first Community action programme for the vocational rehabilitation of handicapped persons (Resolution of 27 June 1974, OJ No C 80 of 9 July 1974).

One item in this programme (III.2) reads as follows:

"Information campaigns aimed at the general public, with a view to the social integration of handicapped persons.

New steps will be taken by the Commission to improve the general level of information on the problems of handicapped persons in the Community and to create a common awareness of the collective responsibility of the entire population for solving these problems. In these projects the Commission will seek in particular the assistance of associations for handicapped persons."

These measures will contribute to the preparation and improvement of the Social Fund operations through which the abovementioned programme will be implemented (see Articles 502 and 511 of the Budget).

(c) Women

On 10 February 1975 the Council issued a Directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women (OJ L 45 of 19 February 1975). On 9 February 1976 it adopted a Directive on the implementation of the principle of equal treatment for men and women in access to employment, vocational training and promotion, and working conditions (OJ L 39 of 14 February 1976). With these two aims in view, the Commission contributes to study and information projects in this field conducted by independent movements.

2. Type and breakdown of expenditure

(a) Type

- Subsidies to organizations
- Courses or seminars
- Contributions to the financing of projects, conferences, etc.
- Documentation and information activities (women)

(b) Breakdown

| | |
|----------------------|---------------|
| Migrant workers: | 80.000 |
| Handicapped persons: | 35.000 |
| Women: | <u>60.000</u> |
| | 175.000 |

3. Method of calculation and explanation of changes

Estimate based on expenditure in previous financial years.

| | | |
|----------------------|---------|-----------------|
| 1976 Appropriations: | 140.000 | } change: + 25% |
| 1977 | 175.000 | |

The increase results from the rise in the number of projects to assist women (particularly the compilation of documentation on women's work) and the handicapped (for the preparation of a second action programme for handicapped persons).

ARTICLE 305 COMMUNITY MEASURES UNDER THE EMPLOYMENT POLICY

ITEM 3050 RESEARCH AND ACTION PROGRAMME ON LABOUR MARKET TRENDS

1. Legal basis and description of the action

EEC Treaty - Article 118

"Without prejudice to the other provisions of this Treaty and in conformity with its general objectives, the Commission shall have the task of promoting close cooperation between Member States in the social field, particularly in matters relating to: - employment ..."

This programme, the implementation of which was approved by the Council on 17 June 1975, basically involves compilation work to derive uniform data for the entire Community from the many analyses on employment conducted in the Member States.

The implementation of Community policies is indeed hampered by the variety of criteria used within the Community as regards employment.

By remedying a serious shortcoming, this programme will help to remove barriers between the relevant studies.

2. Type and breakdown of expenditure

- Comparative studies
- Support for certain research projects undertaken in the Member States
- Translation and publication of certain studies.

3. Method of calculation and explanation of changes

| | | |
|----------------------|---------|-------------------|
| Appropriations 1976: | 200.000 | } change = + 100% |
| 1977: | 400.000 | |

In view of the serious situation on the labour market (unemployment, underemployment), an increase in the Community's outlay is called for, particularly in the sector covered by this Item.

ITEM 3051 ORGANIZATION OF TRAINING COURSES FOR OFFICIALS FROM
NATIONAL EMPLOYMENT SERVICES

1. Legal basis and description of the operation

(1) EEC Treaty: Article 49

"As soon as this Treaty enters into force, the Council shall, acting on a proposal from the Commission and after consulting the Economic and Social Committee, issue directives or make regulations setting out the measures required to bring about, by progressive stages, freedom of movement for workers, as defined in Article 48, in particular:

(a) by ensuring close cooperation between national employment services;

.....

(d) by setting up appropriate machinery to bring offers of employment into touch with applications for employment and to facilitate the achievement of a balance between supply and demand in the employment market in such a way as to avoid serious threats to the standard of living and level of employment in the various regions and industries."

(2) Regulation (EEC) No 1612/68 of the Council of 15 October 1968 on freedom of movement for workers within the Community (OJ No L 257 of 19 October 1968) and in particular Article 23 thereof:

"The Commission may, in agreement with the competent authority of each Member State, and in accordance with the conditions and procedures which it shall determine on the basis of the Opinion of the Technical Committee, organize visits and assignments for officials of other Member States, and also advanced programmes for specialist personnel."

(3) Council Resolution of 9 February 1976 on an action programme for migrant workers and members of their families (OJ No C 34 of 14 February 1976) and in particular point 2(a) thereof:

"... taking whatever organizational steps are appropriate to, and strengthening cooperation between, national employment services, particularly as regards official machinery for vacancy clearance, in order to encourage as many migrant workers as possible to use these services."

2. Type and breakdown of expenditure

- | | | |
|--|---|---------------|
| (a) Courses for national officials specializing in employment forecasts in order to familiarize them with the systems and methods of analysis and forecasting used by the other Member States; | } | 40.000 |
| (b) Exchanges of specialist officials from Employment Services departments; | | |
| (c) Further training courses for officials of national employment services with a view to adapting the establishment of contacts and the clearance of job vacancies and applications to the objectives referred to in Articles 15 and 16 of Regulation (EEC) No 1612/68; | | 230.000 |
| (d) Courses for officials from national administrations dealing with programmes under the Social Fund | | <u>30.000</u> |
| | | 300.000 |

3. Method of calculation and explanation of changes

(a) Method of calculation

Application, mutatis mutandis, of the rules applying to experts summoned to attend meetings.

(b) Explanation of changes

| | | |
|---------------------|----------|------------------|
| 1976 Appropriations | 125.000* | } change: + 140% |
| 1977 | 300.000 | |

As in the case of Item 3050, an increase in the Community's outlay is needed in view of the serious situation on the labour market (unemployment, underemployment).

* Appropriation of 200.000 u.a. entered in the Budget. However, 25.000 u.a. has now been entered under Item 3011 for 1976, and another 50.000 u.a. under Item 3520.

ITEM 3052 COMMUNITY SYSTEM OF GUARANTEED INCOMES FOR WORKERS DURING RETRAINING

1. Legal basis and description of the operation

The Commission included in the social action programme the introduction or development in all the Member States of national systems to maintain the incomes of workers being retrained, possibly including Community aid adjusted to the Community's employment objectives at any given time. The Council did not adopt this proposal. The Commission stated its intention to continue its work in this connection and reserved the right to present proposals, where appropriate (statement in the Council minutes of 11 December 1973).

2. Type and breakdown of expenditure

3. Method of calculation

ARTICLE 306 ACTION TO COMBAT POVERTY

1. Legal basis and description of the operation

(a) Legal basis

When it submits to the Council and to the European Parliament, in accordance with Article 6 of Council Decision No 75/458/EEC of 22 July 1975 (OJ No L 199 of 30 July 1975), a report on results available from the programme of pilot schemes and studies to combat poverty authorized by that Decision for 1975 and 1976, the Commission will propose that this programme should be extended as almost all the projects are estimated to last longer than two years.

(b) Description of the operation

Pilot schemes to combat poverty relating to neighbourhoods or regions, to categories of persons, to the establishment or adaptation of departments dealing with the problems of poverty; subsequently, study and research projects; finally, assessment of progress made and of the results. These projects, which will be of more particular Community interest, will be used to try out new methods of approaching the problems of poverty.

Persons covered: those with so few resources that they are barred from normal living conditions and activities ("the fourth world").

2. Type and breakdown of expenditure

Financial assistance to carry out projects or pilot studies in all the Member States of the Community, in the form of a subsidy.

3. Method of calculation and explanation of changes

(a) Method of calculation

Community financial assistance covers not more than 50% of the cost of projects and studies and may exceed 50% of the cost of studies of exceptional importance for the Community.

Estimated expenditure for 25 projects in 9 countries increases to 7 m u.a. for 1977. A sum of 3,5 m u.a. (50%) is appropriated for Commission aid, corresponding to an average subsidy of 140.000 u.a. per project.

On this basis, the Commission should have 3,5 m u.a. available for financial support of the 25 projects which it is planned to aid in 1977.

(b) Explanation of changes

1. Because of the delay in implementing the first programme to combat poverty, it is to be feared that about 1.170.000 u.a. of the appropriations allocated in 1975 (2.500.000 u.a., carried forward to 1976) will lapse. It therefore seems reasonable to provide for the re-entry of an equivalent amount of appropriations for payment in 1977. As these appropriations are within the budgetary limit set by the Council when it approved the programme, there should be no objection to their re-entry because the appropriations carried forward have lapsed.

2. On the other hand the Commission is requesting 3.500.000 u.a. to allow projects already under way to continue beyond the initial two-year phase set by the Council and for the subsequent developments of this operation, in view of the results of the current project.

3. Timetable:

| Commitments | | Payments | | | |
|-------------|-----------|---------------|---------------|---------------|-----------|
| | | 1976 | 1977 | 1978 | 1979 |
| 1975 | 2.500.000 | 1.330.000 (a) | 1.170.000 (b) | - | - |
| 1976 | 2.875.000 | - | 1.437.500 (a) | 1.437.500 (b) | - |
| 1977 | 3.500.000 | - | - | 1.750.000 | 1.750.000 |

(a) Automatic carry-over.

(b) Re-entry (appropriations for payment).

ARTICLE 307 COMMUNITY MEASURES FOR THE PARTICIPATION OF BOTH SIDES OF
INDUSTRY IN THE COMMUNITY'S ECONOMIC AND SOCIAL
DECISIONS - OPERATION OF THE EUROPEAN TRADE UNION
INSTITUTE

1. Legal basis and description of the operation

One of the objectives of the social action programme of 21 January 1974 is "to help trade union organizations taking part in Community work to establish training and information services for European affairs and to set up a European Trade Union Institute." This Institute will help trade union organizations taking part in Community work to establish training and information services for their members to give them greater insight into the true facts of the Community and to improve their linguistic ability.

2. Type and breakdown of expenditure

Subsidy for the operation of the European Trade Union Institute, which is to be set up: 500.000 u.a. for 1977.

3. Method of calculation

Estimate based on the requirements expressed by the trade unions.

ARTICLE 308 ASSISTANCE TO VICTIMS OF ACCIDENTS IN THE COAL AND STEEL
INDUSTRIES AND AID TO ORPHANS

1. Legal basis and description of the operation

(a) Assistance to victims

The Marcinelle disaster in 1956 when 262 miners died led the Member States to set up the Mines Safety Commission and prompted the High Authority of the ECSC to give financial help to the families of the victims of industrial accidents. This aid took the form of a one-off payment paid to the widows, orphans and relatives in the ascending line of the victims of disasters.

(b) Aid for the education of orphans

Acting in the same spirit, the High Authority - having decided to provide aid for the orphans of miners and steel workers who have lost their lives as a result of industrial accidents or occupational disease - set up the Paul Finet Foundation.

The children of workers who were employed in an ECSC industry and who died after 30 June 1965 as a result of an industrial accident or an occupational disease (from 1 January 1973 for British, Danish and Irish nationals) are eligible, on request, for financial assistance.

They must follow vocational training courses, courses in general secondary education or higher education at a university or at an establishment of university level.

They must be suited to the subjects they are studying and achieve good marks.

2. Type and breakdown of the expenditure

(a) Assistance to victims

This assistance is normally authorized by the Commission responsible for Social Affairs on the basis of proposals drawn up in collaboration with the mining authorities and is paid to beneficiaries by the most direct procedure with the help of these authorities. The amount of the assistance is calculated on the basis of the following criteria: Bfrs 50.000 to a widow, Bfrs 20.000 to each orphan, and Bfrs 30.000 to the legal successors of a bachelor (amounts as reassessed in 1974).

(b) Aid for the education of orphans

The aids from the Paul Finet Foundation are granted on an annual basis and may be renewed several times. In this way the beneficiaries can count on aid from the Foundation throughout their course of study on condition that they obtain good academic results.

The amount of the scholarship grants is fixed on an individual basis, taking into account the financial circumstances of the candidate, the level and the cost of the studies or training. In 1975 the annual awards were Bfrs 5.500 (FF 615) for secondary courses of study and up to Bfrs 40.000 (FF 4.400) for university studies.

3. Method of calculation and explanation of changes

| | | | |
|---------------------|-----------------------|----------|---------|
| 1974 Expenditure | (section of Art. 409) | 200.000 | |
| 1975 Commitments | | 236.000 | |
| 1976 Appropriations | | 200.000) | |
| 1977 | | 240.000) | = + 20% |

(a) Assistance to victims

An increase from 80.000 to 100.000 is justified on the experience of recent years.

(b) Aid to orphans

An increase from 120.000 u.a. (an amount which has remained unchanged for several years) to 140.000 u.a. is justified by the rise in prices.

ARTICLE 309 COMMUNITY AID TO WORKERS MADE REDUNDANT IN THE ITALIAN
SULPHUR MINES

1. Legal basis and description of the operation

Article 1 of Council Decision No 66/740/EEC of 22 December 1966 (OJ No 246 of 31 December 1966) makes the following provisions:

- "1. The Italian Republic shall be granted Community aid equal to 50% of the expenditure actually borne in granting appropriate assistance to the workers dismissed as a result of reorganization measures in the Italian sulphur mines, and scholarships for the vocational training of the children of such workers.
2. Community aid shall not exceed 4.200.000 units of account.
3. Only workers appearing on the payrolls of Italian sulphur mining undertakings on 30 June 1963 who were dismissed after that date may benefit from such aid."

Accordingly, an appropriation is entered each year into the Commission Section of the Budget of the European Communities (Art. 3(a)).

2. Nature of the expenditure

Reimbursements to a Member State on the basis of statements of accounts.

3. Method of calculation and explanation of changes

(a) Method of calculation

At 31 December 1975 the appropriation opened up by the abovementioned Decision had been utilized as follows:

| | |
|--|-------------------|
| - payments made between 1967 and 1975 | 3.253.314,68 |
| - appropriation made available in the 1976 Budget | <u>250.000,00</u> |
| | 3.503.314,68 |

The balance of the appropriation which could still be allocated for assistance is therefore 4.200.000 - 3.503.314,68 = 696.685,32 u.a., of which 150.000 is earmarked for 1977.

(b) Explanation of changes

| | | |
|---------------------|---|----------------------|
| 1974 Expenditure | : | 146.492,8 (Art. 401) |
| 1975 Commitments | : | 80.063,8 |
| 1976 Appropriations | : | 250.000 |
| 1977 Application | : | 150.000. |

This operation is being phased out.

CHAPTER 31 EXPENDITURE IN THE AGRICULTURAL SECTOR

| Item | Heading | Appropriations 1976 | Forecasts 1977 | Change from 1976 to 1977 | |
|------|---|------------------------|-------------------|--------------------------|----------|
| | | | | amount | % |
| 3101 | EEC participation in the campaign against African swine fever; measures on the spot | token entry | token entry | - | - |
| 3102 | EEC participation in the campaign against African swine fever; joint research programme | 713.000 | token entry | - 713.000 | - |
| 3103 | Community contribution towards the campaign against foot-and-mouth disease outside the Community | token entry | 207.000 | + 207.000 | - |
| 3104 | Campaign against foot-and-mouth inside the Community | token entry | token entry | - | - |
| 3105 | Action in the event of outbreaks of epizootic disease (Veterinary fund) | token entry | token entry | - | - |
| 3110 | Health measures in respect of intra-Community trade in fresh meat | 7.000 | token entry | - 7.000 | - |
| 3111 | Veterinary inspection of the application of Community rules and regulations | 30.000 | 30.000 | - | - |
| 3112 | Veterinary inspection in non-member countries | 80.000 | 80.000 | - | - |
| 3121 | Preparation of land for comparative studies with seedlings and seeds | 88.000 | 100.000 | + 12.000 | + 13,6 % |
| 3122 | Measures to check that the systems of certification of seeds applied by non-member countries are equivalent to the systems in use in the EEC. | 7.000 | 7.000 | - | - |
| 313 | Community farm accountancy data network | 916.000 | 1.074.000 | + 158.000 | + 17,2 % |
| 3140 | Agricultural research: consultations and keeping of the permanent inventory | 82.500 | 100.000 | + 17.500 | + 21,2 % |
| 3141 | Agricultural research: research programmes | 3.239.000 | 3.525.500 | + 286.500 | + 8,8 % |
| 315 | Training of national officials responsible for monitoring EAGGF expenditure | 50.000 ¹ | 100.000 | + 50.000 | +100 % |
| 316 | Community action relating to the vocational training of farmers | 78.000 ² | 50.000 | - 28.000 | - 35 % |
| | Chapter 31 - Total | 5.290.500 | 5.273.500 | - 17.000 | - 0,3 % |

¹Included in Chapter 100.

²Through entry under Items 255, 3011 and 419.

CHAPTER 31 EXPENDITURE IN THE AGRICULTURAL SECTOR

ARTICLE 310 COMMUNITY ACTION IN CAMPAIGNS AGAINST EPIDEMICS WHICH MIGHT THREATEN THE LIVESTOCK OF MEMBER STATES

ITEM 3101 EEC PARTICIPATION IN THE CAMPAIGN AGAINST AFRICAN SWINE FEVER; MEASURES ON THE SPOT

1. Legal basis and description of the operation

This is a matter of individual decisions by the Council for the grant of funds (in the past to Spain and Portugal) for the on-the-spot campaign against African swine fever.

2. Type: Subsidy

3. Financial data

| | |
|------|---|
| 1973 | - |
| 1974 | - |
| 1975 | - |
| 1976 | - |

Appropriation: token entry

In view of the applications (particularly from Spain) received by the Commission, Community funding may well be necessary. A token entry must therefore be made.

The Commission may subsidize the on-the-spot campaign against African swine fever (in Spain and Portugal). This will therefore have to be retained as a token entry.

ITEM 3102 EEC PARTICIPATION IN THE CAMPAIGN AGAINST AFRICAN SWINE FEVER; JOINT RESEARCH PROGRAMME

1. Legal basis and description of the operation

(a) Legal basis

- Article 41 of the Treaty;
- Council Decision of 28 December 1972 adopting a Community research programme into classical and African swine fever;
- Council Decision of 9 December 1974 supplementing the Community programme of research into classical and African swine fever.

(b) Description of the operation

Cooperation between the research institutes of the Member States and those of Spain and Portugal (institutes at Madrid and Lisbon) will contribute to the campaign against classical and African swine fever. The participation of the institutes in Spain and Portugal is explained by the fact that the area is the reservoir of the disease.

2. Type of expenditure: Subsidy

3. Method of calculation and explanation of changes

This operation comes to an end in 1976. It has been financed as follows:

| | Decision of 28.12.1972 | Decision of 9.12.1974 | Total Item 3102 |
|-------|---------------------------|--------------------------|--------------------|
| 1973 | 532.700 | - | 532.700 |
| 1974 | 525.000 | 251.000 | 756.000 |
| 1975 | 455.000 | 277.000 | 732.000 |
| 1976 | 453.000 | 260.000 | 713.000 |
| 1977 | token entry | token entry | token entry |
| TOTAL | 1.965.700 | 788.000 | 2.753.700 |

ITEM 3103 COMMUNITY CONTRIBUTION TOWARDS THE CAMPAIGN AGAINST
FOOT-AND-MOUTH DISEASE OUTSIDE THE COMMUNITY

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 12 March 1968 on Community measures to be taken in the veterinary field;
- Council Decision No 75/776/EEC of 16 December 1975 on a financial contribution to the foot-and-mouth disease Institute in Ankara. OJ No L 326/16, 18 December 1975.

(b) Description of the operation

Past experience has shown that the - frequently substantial - losses among Community livestock caused by exotic foot-and-mouth viruses are often due to the fact that this epizootic disease spreads via Turkey. The immunization of Turkish livestock (particularly in certain areas such as Eastern Anatolia) should therefore constitute an effective buffer zone against these diseases.

The purpose of the Community contribution, which is paid through the intermediary of the FAO, is to assist the Turkish authorities in the construction at Ankara of a new laboratory to produce a vaccine against foot-and-mouth disease. The production target of this laboratory is 90 million doses of monovalent vaccine per year, a quantity sufficient to vaccinate against foot-and-mouth disease virtually the entire receptive livestock population of Turkey.

It should be noted, moreover, that this operation will enable Turkey to become self-sufficient in the production of vaccine against foot-and-mouth disease, so that in the future the Community should not be obliged to continue indefinitely its contributions to that country.

2. Type: Subsidy

3. Method of calculation and explanation of changes

Sums entered or
to be entered
in the Budget
(u.a.)

Amounts under
Council Decision
No 75/776

| | | | |
|------|--|-------------|----------------|
| 1975 | Transfer of appropriation from Chapter 99 | 83.000 | 83.000 |
| 1976 | | token entry | 332.000 |
| 1977 | | 207.000 | 207.000 |
| 1980 | | | 207.000 |
| | | | <u>829.000</u> |

ITEM 3104 CAMPAIGN AGAINST FOOT-AND-MOUTH DISEASE INSIDE THE COMMUNITY

1. Legal basis and description of the operation

(a) Legal basis

These are ad hoc Council Decisions. The most recent was taken on 26 March 1973 and was aimed at taking measures to protect livestock against certain foot-and-mouth viruses (Decision No 73/88/EEC OJ L 106/26 of 20 April 1973).

(b) Description

Build up a stock of vaccine in order to protect Community livestock against certain foot-and-mouth viruses.

2. Type: Subsidy

3. Method of calculation and explanation of changes

| | |
|---------------------|-------------|
| 1973 Payments | 340.496 |
| 1974 | - |
| 1975 | - |
| 1976 Appropriations | token entry |
| 1977 | token entry |

The Community may be prepared to subsidize the setting up of further stocks of vaccine if the danger to the health of its livestock seemed to make this necessary. The token entry should therefore be retained.

ITEM 3105 ACTION IN THE EVENT OF OUTBREAKS OF EPIZOOTIC DISEASE
(VETERINARY FUND)

1. Legal basis and description of the operation

(a) Legal basis

Proposal submitted to the Council on 21 October 1974.

(b) Description of the operation

The purpose of the Epizootic Diseases Fund is to enable the Community to make a financial contribution, in certain serious and urgent cases, to preventive measures and to the campaign against contagious animal diseases constituting a direct threat to the livestock of the Member States.

The entry of an appropriation in the Community budget for immediate commitment if the need arises (if, for example, an exotic disease appeared in the Community or in a neighbouring country) constitutes effective protection of Community livestock, which would suffer immeasurable losses if it were struck by an epizootic disease.

2. Type: Subsidy

3. Method of calculation

| | |
|------|-------------|
| 1976 | token entry |
| 1977 | token entry |

The Council reached unanimous agreement on this proposal at its meeting on 15 December 1975. The decision still depends on the agreement of those non-member countries listed in a Commission proposal for a Council directive. If the Council takes the decision, the necessary financial resources will be released by means of transfer.

ARTICLE 311 APPLICATION OF COUNCIL DIRECTIVES IN VETERINARY MATTERS

ITEM 3110 HEALTH MEASURES IN RESPECT OF INTRA-COMMUNITY TRADE IN FRESH MEAT

1. Legal basis and description of the operation

(a) Legal basis

- Council Directive of 13 May 1965: fresh meat;
- Directive of 15 February 1971: poultrymeat.

(b) Description of the operation

In order to remove obstacles to trade in fresh meat and poultrymeat and to ensure that the products traded are officially approved by the appropriate authorities in the Member States and comply with the required production conditions, experts may be called on by the Commission to deliver an opinion. On the basis of these opinions, trade in the products in question may be either suspended or resumed if it had been suspended.

The inspections are carried out at the request of one of the Member States when there are grounds for presuming that the production rules have been infringed in such a way as to create difficulties in trade within the Community.

2. Type: Administrative costs

3. Method of calculation and explanation of changes

The expenditure covers the fees and travelling and subsistence costs of the veterinary experts instructed to make the inspections.

Multianual timetable

| | |
|---------------------|-------------|
| 1975 Payments | - |
| 1976 Appropriations | 7.000 |
| 1977 Sum requested | token entry |

These appropriations have never been used as no Member State has reported an infringement. The case could arise, however, (in the event of a request by one of the Member States) in which case the necessary funds may be released by transfer.

ITEM 3111 VETERINARY INSPECTION OF THE APPLICATION OF COMMUNITY RULES AND REGULATIONS

1. Legal basis and description of the operation

(a) Legal basis

- Council Directive of 12 December 1972 (OJ No L 302, 31 December 1972);
- Council Directive of 10 July 1975 (OJ No L 192, 24 July 1975).

(b) Description of the operation

The Commission carries out Community inspections of slaughterhouses and cutting rooms approved for poultrymeat, Community inspections of installations at frontier posts and inspections of live animals and imported fresh meat.

These inspections are carried out by veterinary experts who check that the rules are fully applied by the Member States.

2. Type: Administrative costs

3. Method of calculation

The expenditure covers the mission costs which will be incurred by the veterinary experts.

| | | |
|------|----------------|-------------|
| 1975 | Payments | - |
| 1976 | Appropriations | 30.000 u.a. |
| 1977 | Sum requested | 30.000 u.a. |

ITEM 3112 VETERINARY INSPECTION IN NON-MEMBER COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

Council Directive of 12 December 1972 (OJ No L 302, 31 December 1972)

(b) Description of the operation

The Council Directive of 12 December 1972 set up the Community system applicable to imports of bovine animals, pigs and fresh meat from non-member countries, with the purpose of arriving at a common approach among the Member States regarding the public health standards to be required in respect of imports of animals and meat from non-member countries. The system is based on a list of conditions applicable to such imports, compliance with which must be inspected by the Community.

The requisite inspections are carried out by veterinary experts of the Member States.

2. Type: Administrative costs

3. Method of calculation

The expenditure covers the mission costs which will be incurred by the veterinary experts.

Missions will take place in distant countries, China, for instance.

| | | | |
|------|----------------|-------------|---|
| 1975 | Payments | 21.000 u.a. | (will actually commence in November 1975) |
| 1976 | Appropriations | 80.000 u.a. | |
| 1977 | Sum requested | 80.000 u.a. | |

ITEM 3121

PREPARATION OF LAND FOR COMPARATIVE STUDIES WITH SEEDLINGS
AND SEEDS

1. Legal basis and description of the operation

(a) Legal basis

Council Directives:

- 14 June 1966: Nos 66/401, 66/402, 66/403, 66/404 (OJ No 125, 11 July 1966);
- 30 June 1969: No 69/208 (OJ No L 169, 10 July 1969);
- 29 September 1970: No 70/458 (OJ No L 225, 12 October 1970).

(b) Description of the operation

The purpose of Community comparative trials of seedlings and seeds is:

- to harmonize national methods of inspection of the quality and health standards of seeds and seedlings delivered to the farmer;
- inspection of compliance with Community rules in this area.

To this end, samples are taken in the Community from batches of seeds and seedlings of Community and non-Community origin. These samples are then sown or planted in test fields for subsequent comparative examination by commissions of experts of the Member States led by Commission officials.

2. Type: Management costs

3. Method of calculation and explanation of the changes

The expenditure is calculated from the number of trials of samples and the unit cost of a trial.

| | | |
|-------|---------------|------------|
| 1973) | | 60.247,5 |
| 1974) | Expenditure | (68.405,0) |
| 1975) | | 80.000 |
| 1976 | Appropriation | 88.000 |
| 1977 | Sum requested | 100.000 |

It should be noted that in view of the increase in costs for samples recorded in 1975/76 (+25%), an appropriation of 100.000 u.a. must be entered in 1977 if the operation is to be continued at the same level.

ITEM 3122

MEASURES TO CHECK THAT THE SYSTEMS OF CERTIFICATION OF SEEDS
APPLIED BY NON-MEMBER COUNTRIES ARE EQUIVALENT TO THE SYSTEMS
IN USE IN THE EEC

1. Legal basis and description of the operation

(a) Legal basis

Council Directives:

- 14 June 1966, Nos 66/401, 66/402, 66/403, 66/404 (OJ No L 125, 11 July 1966);
- 30 June 1969, No 69/208 (OJ No L 169, 10 July 1969);
- 29 September 1970, No 70/458 (OJ No L 225, 12 October 1970);
- 9 December 1974, No 74/649 (OJ No L 352, 28 December 1974).

(b) Description of the operation

Seeds or seedlings produced outside the Community may be imported into the Community only upon decision by the Council establishing that the quality of the products from non-member countries is equivalent to that of products produced by the Member States.

The Commission cannot propose certification of equivalence to the Council until an on-the-spot study has been made of the rules in force in the non-member countries and their actual application to the products has been checked.

The requisite inspections are carried out by Community experts.

2. Type: Administrative costs

3. Method of calculation

The expenditure covers the travel and subsistence expenses of the Community experts sent on mission to the non-member countries.

| | | |
|-------|---------------|----------|
| 1973) | | 2.271,12 |
| 1974) | Payments | 4.360,00 |
| 1975) | | 1.943,00 |
| 1976 | Appropriation | 7.000,00 |
| 1977 | Sum requested | 7.000,00 |

So far as possible, the Commission departments make use of the experts' travel reports from the FAO or the OECD when a request is made to establish equivalence. This is why the amounts paid out in previous years are fairly low. However, the Commission staff will have to make the requisite studies even if there is no parallel report from other institutions which might be used. This necessitates an appropriation of 7.000 u.a.

ARTICLE 313 COMMUNITY FARM ACCOUNTANCY DATA NETWORK

1. Legal basis and description of the operation

(a) Legal basis

- Council Regulation No 79/65 of 15 June 1965 (OJ No L 109, 23 June 1965);
- Council Regulation No 2835/72 of 29 December 1972 (OJ No L 298, 31 December 1972);
- Council Regulation No 2910/73 of 23 October 1973 (OJ No L 299, 23 October 1973).

(b) Description of the operation

The farm accountancy data network is designed to meet the information requirements of the common agricultural policy. Accounting data are collected from many characteristic types of farm in different regions of the Community. When analysed, the information is useful for the decisions to be taken under the common agricultural policy, particularly those fixing agricultural prices and partly based on the "objective method".

In 1976, the accounts of 22.900 farms were processed by means of accounting returns. In 1977, 26.850 accounting returns will be processed.

2. Type: Payment of fees for services rendered.

3. Method of calculation and explanation of the changes

Number of farm returns multiplied by the standard fee for each return.

Timetable

| | | u.a. | No of returns | Standard fee u.a. |
|-------|----------------------|-----------|---------------|-------------------|
| 1973 | Payments | 287.375 | | |
| 1974) | Commitments | 525.000 | 15.000 | 35 |
| 1975) | | 663.250 | 18.950 | 35 |
| 1976 | Budget appropriation | 916.000 | 22.900 | 40 |
| 1977 | Sum requested | 1.074.000 | 26.850 | 40 |

ARTICLE 314 AGRICULTURAL RESEARCH

ITEM 3140 AGRICULTURAL RESEARCH: CONSULTATIONS AND KEEPING OF THE PERMANENT INVENTORY

1. Legal basis and description of the operation

(a) Legal basis

Council Regulation No 1728/74 of 27 June 1974 (OJ No L 182, 5 July 1974)

(b) Description of the operation

Through the computer-managed permanent inventory of agricultural research, the Commission can study the major trends and lines of approach in agronomic research in the Member States. National projects can then be coordinated, overlapping avoided and any gaps filled in.

2. Type: Administrative and management costs.

3. Method of calculation

(a) Consultations

Exchanges of information with the Member States by means of seminars (assessment according to the cost for each meeting).

(b) Information

The costs are estimated on the basis of the average annual cost for an inventory of research projects, which itself depends on the number of projects under way, the annual rate of growth and the quantity of data to be entered for each project.

| | Consultation | Information | Total u.a. |
|--------------------|--------------|-------------|------------|
| 1975 Commitment | 33.000 | 77.500 | 110.500 |
| 1976 Appropriation | 35.000 | 47.500 | 82.500 |
| 1977 Sum requested | 38.000 | 62.500 | 100.500 |

The inventory is printed only every second year; it will be printed in 1977.

ITEM 3141 AGRICULTURAL RESEARCH: RESEARCH PROGRAMMES

1. Legal basis and description of the operation

(a) Legal basis

Regulation No 1728/74 on the coordination of agricultural research
Council Decision No 75/460 of 22 July 1975 (OJ No L 199,
30 July 1975).

(b) Description of the operation

The agronomic research programmes adopted by the Council are in four fields:

- improvement of crop production and particularly protein value;
- improved efficiency in the production of beef and veal, quality of the meat and yield from the carcass;
- more intensive and thorough research of the use of effluents by spreading;
- research on animal leucoses (coordinated programme).

As a rule, the work under the programmes is carried out by research institutes whose contracts for scientific cooperation with the Community define inter alia the procedures for performing the work. The coordinated programme includes exchanges of information, particularly by means of seminars, exchanges of research workers, study visits and expert investigation missions by scientific advisers.

2. Type: Administrative costs (Community contribution to research costs, travel costs, etc.).

3. Method of calculation and explanation of changes

The Decision provides for a total amount of expenditure over four years of 10.300.000 u.a.

| | |
|------|----------------|
| 1975 | 645.000 u.a. |
| 1976 | 3.239.000 u.a. |
| 1977 | 3.525.500 u.a. |

The amount of the annual instalments is laid down in the Basic Regulation.

ARTICLE 315 TRAINING OF NATIONAL OFFICIALS RESPONSIBLE FOR
MONITORING EAGGF EXPENDITURE

1. Legal basis and description of the operation

The Special Committee of Enquiry set up by the Commission Decision of 3 October 1973 has several times suggested action at Community level to improve the flow of information to and the training of national officials responsible for monitoring EAGGF operations, and more intensive instruction of these officials as regards the irregularities to be traced which are breaches of the Community rules.

Three types of action are planned:

- 1) The participation by exchange of national monitoring officials in seminars and training courses organized by the authorities of the Member States;
- 2) Seminars at Community level held for national monitoring officers;
- 3) In-service training for national monitoring officers in the administrative departments of Member States other than their countries of origin.

2. Type: Administrative costs.

3. Method of calculation and explanation of changes

| | | |
|--------|---------|------------------------|
| 1976 | 50.000 | entered in Chapter 100 |
| 1977 | 100.000 | |
| Budget | | |

ARTICLE 316 COMMUNITY ACTION RELATING TO THE VOCATIONAL TRAINING
OF FARMERS

1. Legal basis and description of the operation

(a) Legal basis

EEC Treaty - Art. 41: "To enable the objectives set out in Article 39 to be attained, provision may be made within the framework of the common agricultural policy for measures such as:

- (a) an effective coordination of efforts in the spheres of vocational training, of research and of the dissemination of agricultural knowledge; this may include joint financing of projects or institutions."

Art. 118: "Without prejudice to the other provisions of this Treaty and in conformity with its general objectives, the Commission shall have the task of promoting closer cooperation between Member States in the social field, particularly in matters relating to basic and advanced vocational training ...".

2. Type and breakdown of expenditure: Operating subsidy

3. Method of calculation and explanation of changes

| | |
|---------------------|--------------|
| 1974 Payments | 87.200 u.a. |
| 1975 Payments | 125.000 u.a. |
| 1976 Appropriations | 78.000 u.a. |
| 1977 Appropriations | 50.000 u.a. |

The subsidies paid in 1974, 1975 and 1976 were entered under three separate budget headings (255, 3011 and 419).

CHAPTER 32 EXPENDITURE UNDER THE ENERGY POLICY

ITEM 3200: COMMUNITY TECHNOLOGICAL DEVELOPMENT PROJECTS IN THE
HYDROCARBONS SECTOR

1. Legal basis and description of the operation

(a) Legal basis

Regulation No 3056/73 of 9 November 1973 (OJ No L 312, 13 November 1973) on the support of Community projects in the hydrocarbons sector;

Council Decision of 19 December 1974 on 17 projects;

Council Decision of 25 March 1976 on 34 projects.

(b) Description of the operation

Regulation No 3056/73, approved by the Council on 9 November 1973, is a contribution to a common energy policy designed to bring about conditions which will ensure the long-term security of the Community's supplies of hydrocarbons. The Regulation is intended to stimulate technological development activities directly connected with prospection, exploitation, storage and transport which will reduce the Community's dependence on external supplies of hydrocarbons.

This is a programme of support to development companies by the grant of loans, loan-guarantees or subsidies repayable under certain conditions, to help them to develop new techniques in prospection for and storage and transport of hydrocarbons. The programme calls for a Community contribution to approved projects of a maximum of 49,9%.

2. Type of expenditure

The Community grants subsidies which may be repaid if the results are commercially exploited.

3. Method of calculation and explanation of changes

(a) Method of calculation

The Regulation envisages a contribution to the projects of less than 50%. The actual figure may vary between 25 and 40% for the projects approved.

(b) Explanation of changes

A first set of projects costing 38.914.816 u.a. started in 1975 and a second set of projects (38.448.635 u.a.) in 1976. A third set may be launched in 1977.

The appropriations requested are needed for carrying out these projects.

To meet this cumulative total of expenditure, the rising cost of the projects and the growing number of applications for support, the Commission has several times asked for the appropriations to be increased, and the Council has taken note of this request (see the Minutes of its meeting held on 26 June 1975).

For 1977, through the introduction of the system of appropriations for commitment, the appropriations for payment requested can be limited to the requirements of the financial year in question. The appropriations for payment requested for 1977 make allowance, in the sum of 8.000.000 u.a., for the re-entry of appropriations earmarked in previous financial years, and which will be cancelled pursuant to the Financial Regulation at present in force.

It should also be noted that over the next few years some repayments in respect of projects which have become commercial may be expected and these will constitute revenue to be entered in the Budget.

in m u.a.

| Commitments | Payments | | | | | |
|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|
| | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> |
| 1974 = 25 | - | 25 | - | - | - | - |
| 1975 = 25 | - | 0,5 | 16,5 | 8 ¹ | - | - |
| 1976 = 28 | - | - | 8,1 | 11,5 ² | 8,4 | - |
| 1977 = 50 | - | - | - | 15 | 15 | 20 |
| | - | 25,5 | 24,6 | 34,5 | 23,4 | 20 |

¹ This amount represents the appropriations carried forward from 1975 which will be cancelled at the end of 1976 and must be re-entered.

² These appropriations are carried forward from 1976 to 1977.

ITEM 3201: JOINT PROJECTS IN PROSPECTING FOR HYDROCARBONS

1. Legal basis and description of the operation

(a) Legal basis

Proposal for a regulation forwarded to the Council by the Commission on 29 November 1974 (OJ C 18 of 25 January 1975) concerning support to joint projects in prospecting for hydrocarbons.

(b) Description of the operation

In its proposal of 29 November 1974 (OJ C 18 of 25 January 1975), the Commission submitted to the Council a draft regulation granting financing support to the oil industry under the Community's energy supply policy. In accordance with the Council Resolutions of 17 September and 17 December 1974 and of 15 February 1975, the proposal submitted by the Commission aims at reducing the degree of dependence on external sources by 1985.

This operation will encourage prospection for oil in particularly difficult conditions, i.e., at depths below 100 metres, and the discoveries which may be made should lead to an increase of 3.000 million tonnes (annual production of 100/150 million tonnes) in the Community's oil resources.

2. Type of expenditure

Community aid will be given in the form of subsidies - repayable in the event of success - which, according to the proposed regulation, would not exceed 25% of the total cost of an approved project.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriations requested are based on the costs of:

- (i) an exploratory stratigraphic drilling;
- (ii) two development drillings to determine the scale and economic viability of the deposit.

(b) Explanation of changes

The inclusion of 1 million u.a. in the 1976 Budget will enable certain preparatory and preliminary projects to be started up in anticipation of the launching of the actual support operations, which will be carried out under the basic regulation which is now awaiting approval by the Council. Very substantial technical and financial risks are involved in marine oil exploration, and without Community support projects would be delayed or abandoned by firms. This would have serious consequences for the Community's hydrocarbon supplies.

| | | in million u.a. | | | |
|-------------|------|-----------------|-------------|-------------|-------------|
| Commitments | | Payments | | | |
| | | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> |
| <u>1976</u> | = 1 | 1 | - | - | - |
| <u>1977</u> | = 30 | - | 9 | 10 | 11 |

ARTICLE 321: PROSPECTION FOR URANIUM DEPOSITS

1. Legal basis and description of the operation

(a) Legal basis

- (i) EAEC Treaty (Articles 70(1) and (2);
- (ii) Council Resolution of 17 December 1974 (OJ C 153 of 9 July 1975);
- (iii) Council Decision of 13 February 1975 (OJ C 153 of 9 July 1975).

(b) Description of the operation

The operation consists of promoting prospection for uranium resources on Community territory and thereby ensuring adequate supplies of uranium for Community use. In view of the energy objectives to be achieved by 1985, Community financial support for uranium prospecting projects must be made available immediately in order to reduce the Community's dependence on the producer countries (see Doc. COM 76/20 of 16 January 1976 "Implementation of the Energy Policy guidelines" drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975).

This will become a continuing operation. The first tranche of operating and multiannual appropriations will be requested in the 1977 Budget and will be added to the one million u.a. which had been initially entered in the 1976 Budget.

2. Type of expenditure

The Community will provide subsidies for approved projects.

3. Method of calculation and explanation of changes

(a) Method of calculation

Annual uranium requirements can be put at 40.000 tonnes at the end of the next decade, and it seems reasonable to set a target figure of one quarter of these needs, i.e., 10.000 tonnes, to be met by Community production.

The cost of prospecting to discover these 10.000 tonnes is put at 100 million u.a., to be spread over at least five years in

view of the technical delays in constructing a mine on ground to be prospected, repeated over a further five-year period. The Community's share in financing is likely to be some 25% (after a higher initial outlay during a three-year launching period), i.e., 20 m u.a. per year from 1979, if it is to constitute a real incentive.

(b) Explanation of the changes

Without Community financial support, the companies would be forced to seek much richer and more profitable uranium resources than those in the Member States in other countries of the world. The companies must be encouraged to seek and exploit Community resources in order to safeguard Community supplies.

One million u.a. has been entered in the 1976 Budget to enable this support action for uranium prospecting to be started up. However, since the cost of such a project is very high this appropriation will only allow a very limited number of projects to be initiated. The appropriations requested for 1977 are intended to finance the continuation of these projects and their implementation in a programme of at least ten years' duration.

in million u.a.

| Commitments | Payments | | | |
|-------------|----------|------|------|------|
| | 1976 | 1977 | 1978 | 1979 |
| 1976 = 1 | 1 | - | - | - |
| 1977 = 5 | - | 2 | 2 | 1 |

ARTICLE 322 AIDS FOR COAL STOCKS

1. Legal basis and description of the operation

(a) Legal basis

- (i) EEC Treaty (Article 235);
- (ii) Communication from the Commission to the Council of 16 January 1976 (Doc. COM(76)20) "Implementation of the energy policy guidelines drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975" which aims at conserving the Community's resources.

(b) Description of the operation

It is difficult to adapt coal production to short-term market fluctuations. A certain level of stocks must be maintained to enable the mines to keep up a certain level of production. Very unfavourable market conditions may, however, raise these stocks to an exceptionally high level, as is the case at present. Financing such a high stock level requires funds in excess of the normal economic conditions of coal production; in addition, it could lead to the closing of production capacities which are only temporarily in surplus.

This would jeopardize the maintenance of Community production. Community support to finance these stocks - in addition to other measures to support production and achieve market equilibrium - would lessen the burden on the coal-mining industry.

This operation would be a short-term measure and be carried out at Community level, independently of any national measures, whenever stocks exceeded normal operating requirements.

2. Type of expenditure

Community aid to alleviate the excessive burden imposed by stockpiling necessitated by a short-term drop in coal sales will take the form of a non-repayable aid.

3. Method of calculation

The aid granted will depend on the level of the stocks to be financed. For the moment the Commission simply requests that a token entry be entered in the budget. It will request an actual figure at a later date.

ARTICLE 329 COMMUNITY LOANS FOR THE FINANCING OF NUCLEAR POWER STATIONS

1. Legal basis and description of the operation

(a) Legal basis

- Articles 2, 172 and 203 of the EAEC Treaty
- Council Decision of ... authorizing the Commission to float Euratom loans with a view to contributing to the financing of nuclear power stations.
- Decision implementing the basic Decision, adopted by the Council on ...

(b) Description of the operation

With the aim of reducing Europe's dependence on imported energy between now and 1985, the Commission has laid particular stress on the need to promote the development of alternative sources of energy.

With this in mind, the Commission is empowered to raise loans on behalf of the European Atomic Energy Community, the proceeds of which are assigned as loans for the financing of investment projects to promote the industrial-scale production of nuclear electricity and industrial plants forming part of the fuel cycle. The loans will amount to 500.000 EUA.

2. Type of expenditure

Linked borrowing and lending operations, theoretically involving no financial burden for the Budget of the Communities since the costs incurred by the Community in concluding and executing each operation are borne by the beneficiary undertakings.

Given their special nature, these operations are entered into the Budget under a budget heading which is given a token entry.

3. Method of calculation

The funds are borrowed according to the demand for loans from undertakings, on the understanding that these loans are an additional facility and will not normally exceed 20% of the project investment cost.

CHAPTER 33 RESEARCH AND INVESTMENT EXPENDITURE

1. Legal basis and description of the operation

The appropriations entered in this Chapter are all the appropriations shown in detail in the statement of expenditure relating to research and investment activities (Annex I to the Commission Budget) which was created pursuant to Article 94 of the Financial Regulation of 25 April 1973.

This statement contains in principle the appropriations which translate into budgetary terms the multiannual programme adopted, in particular, under the provisions of Article 7 of the Euratom Treaty and, in other fields, under Article 235 of the EEC Treaty.

A distinction should be made between:

direct action carried out at the four establishments of the Joint Research Centre (JRC) which was created under Article 8 of the Euratom Treaty. The four establishments are situated at Ispra (Italy), Karlsruhe (Federal Republic of Germany), Geel (Belgium) and Petten (Netherlands).

indirect action carried out at the Commission headquarters (DG XII and III) through the medium of contracts of association, cost-sharing contracts, study contracts, etc. (Article 10 of the EAEC Treaty).

- (a) As far as direct action is concerned, the Commission has just forwarded a proposal to the Council of Ministers for a four-year programme beginning on 1 January 1977.

This new programme, which will be a continuation of the current 1973/76 programme, will deal with the following topics:

- (i) nuclear safety
- (ii) future energy sources
- (iii) environment and resources
- (iv) reference measures, standards and techniques
- (v) service and support activities.

Since the Council should take a decision in the second half of 1976, the appropriations to finance the first year of the programme have been entered under Titles 2 and 4 of the abovementioned statement.

- (b) Appropriations for indirect action have been entered according to the programme decisions listed below:

| <u>Date of decision</u> | <u>Objectives</u> | <u>Duration of programme</u> |
|-------------------------|--|------------------------------|
| 17.12.1974 | plutonium recycling in light-water reactors | 1.1.1975 - 31.12.1978 |
| 26.6.1975 | management and storage of radioactive waste | 1.1.1975 - 31.12.1975 |
| 22.8.1975 | research and development in the energy field | 1.7.1975 - 30.6.1979 |
| | energy conservation | |
| | solar energy | |
| | geothermal energy | |
| | systems analysis: | |
| | model building | |
| 15.3.1976 | biology and health protection (radiation protection) | 1.1.1976 - 31.12.1980 |

| <u>Date of decision</u> | <u>Objective</u> | <u>Duration of programme</u> |
|-------------------------|--|------------------------------|
| 15.3.1976 | reference materials and methods (Community Bureau of References) | 1.1.1976 - 31.12.1978 |
| 15.3.1976 | environment | 1.1.1976 - 31.12.1978 |
| 25.3.1976 | fusion and plasma physics | 1.1.1976 - 31.12.1978 |

(c) In addition to these decisions there are the following indirect actions:

- (i) Council Resolution of 22 July 1975 on the safety of nuclear installations;
- (ii) Commission proposal to the Council relating to the continuation of the training project which ends on 31 December 1976.

It should also be noted that, in respect of the construction of the Joint European Torus/Tokamak (JET) under the Fusion and Plasma Physics programme, the Council has not yet been able to make a final decision, in particular, as to the place where this project will be located. The Council intends to continue its deliberations on the matter at its next meeting to be held on 18 June 1976.

In anticipation of a decision by the Council on that date, the appropriations to cover the necessary expenditure on the JET in 1977 have been entered in Chapter 3.20.

In respect of the Commission's proposal to the Council on the continuation of the abovementioned training programme, the requisite appropriations for the first year of the programme's implementation have been entered in Chapter 3.11, the Council being expected to take a decision before the end of the current financial year.

On the other hand, 1977 appropriations relating to two new proposals for programmes on:

- (a) re-processing of irradiated fuels and
- (b) downgrading of nuclear installations.

have been entered under:

- (i) Title 8: appropriations relating to expenditure on staff awaiting assignment to a post (including certain items of expenditure on general infrastructure) and
- (ii) Title 9 : appropriations relating to other expenditure on these two actions as the programme decisions should be adopted in the course of the 1977 financial year.

2. Type and breakdown of expenditure

All the appropriations in this Chapter can be broken down according to type as follows:

in m u.a.

| | Direct action | | Indirect action | | TOTAL | |
|---|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|
| | commitment appropriations | payment appropriations | commitment appropriations | payment appropriations | commitment appropriations | payment appropriations |
| Staff | 54,003 | 54,003 | 15,652 | 15,652 | 69,655 | 69,655 |
| Infrastructure | | | | | | |
| Investments | 4,560 | 2,976 | - | - | 4,560 | 2,976 |
| Other current expenditure | 13,714 | 15,494 | 0,085 | 0,085 | 13,799 | 15,579 |
| Scientific and technical support (incl. major installations & scientific divisions) | | | | | | |
| Investments | 4,588 | 2,752 | - | - | 4,588 | 2,752 |
| Other current expenditure | 11,693 | 8,516 | 1,424 | 1,424 | 13,117 | 9,940 |
| Specific appropriations for objectives | | | | | | |
| Investments | 6,000 | 4,000 | - | - | 6,000 | 4,000 |
| Other expenditure | 10,423 | 8,227 | 87,655 | 66,890 | 98,079 | 75,117 |
| Total - direct and indirect action | 104,231 | 95,258 | 104,616 | 84,057 | 208,797 | 180,619 |
| Eximbank | - | - | - | - | 3,400 | 3,400 |
| GRAND TOTAL | | | | | 213,197 | 183,419 |

Appropriations for staff employed under the direct and indirect actions have been calculated on the basis of the following staffing plans.

| | Category | Staff requested for 1977 |
|---|--------------------------------|--------------------------|
| (a) <u>Direct action</u> ¹ | | |
| | A | 514 |
| | B | 776 |
| | C | 154 |
| | | <u>1.444</u> |
| | Members of establishment staff | <u>444</u> |
| | <u>Total</u> | <u>1.888</u> |
| (b) <u>Indirect action</u> ² | | |
| | A | 260 (72 for JET) |
| | B | 173 (82 for JET) |
| | C | 58 (30 for JET) |
| | | <u>491</u> |
| | Members of establishment staff | <u>3</u> |
| | <u>Total</u> | <u>494</u> (184 for JET) |

¹ If Ispra is chosen for the JET project, the Commission intends to assign some 100 members of the JRC staff to the JET team, thus correspondingly reducing the number of JRC staff; this will also yield a saving in direct action appropriations for staff expenditure on these 100 members of staff.

² As far as staff assigned to indirect action are concerned, it should be pointed out that, disregarding the new JET team (184 persons), there will be a drop in the total number of staff compared to 1976. It is proposed to transfer five posts from the establishment plan in the statement of expenditure relating to research and investment activities (indirect action) to the establishment plan in the general budget of the Commission.

3. Method of calculation and explanation of changes

The appropriations entered in the statement of expenditure relating to research and investment activities consist of appropriations for commitment and appropriations for payment in accordance with Article 95(2) of the Financial Regulation of 25 April 1973.

The following is a breakdown of these appropriations and a comparison with the appropriations authorized for 1976:

in u.a.

| | | Direct JRC action | Indirect action | EXIMBANK | Total Chapter 33 |
|---------|-----------------|----------------------|--------------------|-----------|---------------------|
| 1976 | CA ¹ | 70.838.982 | 224.393.288 | 4.001.000 | 299.233.270 |
| | PA ² | 71.380.987 | 59.800.539 | 4.001.000 | 135.182.526 |
| 1977 | CA ¹ | 105.120.642 | 105.042.676 | 3.400.000 | 213.563.318 |
| | PA ² | 96.968.301 | 84.546.603 | 3.400.000 | 184.914.904 |
| Changes | CA ¹ | + 34.281.660 | - 119.350.612 | - 601.000 | - 85.669.952 |
| | PA ² | + 25.587.314 | + 24.746.064 | - 601.000 | + 49.732.378 |

¹CA = commitment appropriations.

²PA = payment appropriations.

As the table above shows, the overall difference in estimates for 1977 compared to appropriations authorized for 1976 is:

- 85.670.000 u.a. in commitment appropriations, i.e., - 28,6%

+ 49.732.000 u.a. in payment appropriations, i.e., + 36,8%.

(a) JRC direct action

The increase in appropriations for direct action -

+ 34.282.000 u.a. in commitment appropriations, i.e., + 48,4%

+ 25.587.000 u.a. in payment appropriations, i.e., + 35,8%

is mainly due to the following four factors:

(1) The rise in staff expenditure and current general infrastructure expenditure

Firstly, it should be pointed out here that the number of JRC staff described above has not altered in relation to the current financial year. Only the number of local staff will rise from 452 in 1976 to 471, i.e., + 19 members of staff.

The rise in staff expenditure (+ 6,2 m u.a.) is therefore mainly due to the increase in the salaries of JRC officials and other staff, which are calculated on the same basis (correcting factors and purchasing power) as all Commission staff. As far as current general infrastructure expenditure is concerned, prices have risen at the following rates in relation to 1976 prices which are used to calculate requirements:

- Ispra + 20%
- Geel + 8%
- Karlsruhe + 7%
- Petten + 12%

(2) General infrastructure investments

A general overhaul programme for installations and equipment of the JRC's general services is planned to begin in 1977. Expenditure for the first year is intended to cover the following work:

- (a) construction of a purifying unit for water discharged into the Lago Maggiore;
- (b) replacement of three wooden huts by concrete buildings;
- (c) conversion of central heating system (from oil-fired to natural-gas fired);
- (d) replacement of fencing at Ispra establishment;

and certain work connected with the safety of installations.

In view of the urgency of this work, a special request for 4,560 m u.a. in commitment appropriations and 2,976 m u.a. in payment appropriations is made for this programme in relation to subsequent financial years when expenditure will be much lower.

(3) Investments in laboratory equipment

The Commission plans to launch an overhaul and modernization programme of laboratory equipment like that for infrastructure in 1977. This will require 4,588 m u.a. in commitment appropriations and 2,752 m u.a. in payment appropriations for the first year.

(4) Specific expenditure on the research objectives under the new programme

These investments include:

- (a) a climatron for advanced studies of solar energy;
- (b) apparatus to study the fusion process and a sodium loop to study the safety of nuclear reactors;
- (c) a new cell chain for a medium-activity laboratory.

The investments in question are vital to the achievement of the scientific objectives of the research projects involved. The estimated cost is 6 m u.a. in commitment appropriations and 4 m u.a. in payment appropriations.

In addition to these four factors, which justify an increase in the JRC appropriations requested, the following appropriations are requested:

- (1) payment appropriations of 1,230 m u.a. for the completion and implementation of actions authorized under the 1973/76 programme;
- (2) commitment appropriations of 3,068 m u.a. intended to cover the balance of commitment appropriations in 1976 in Chapter 8.30 "JRC normal operating expenditure".

(b) Indirect action

As far as commitment appropriations are concerned, there has been a marked fall in the number of requests for direct action in relation to the appropriations authorized for the current financial year. This is mainly due to the fact that a very large proportion of the commitment appropriations for the construction of the Joint

European Torus (JET) under the new programme in the field of controlled thermonuclear fusion and plasma physics was entered in the 1976 Budget in anticipation of the launching of this programme.

However, as far as the payment appropriations are concerned, there has been a 40,6% rise in relation to the appropriations authorized for 1976. The main reason for this rise is the construction of JET, for which an appropriation of 21.464.000 u.a. has been requested for 1977. This is 13,00 m u.a.¹ more than was requested in 1976 for this one objective.

To this must be added the payment appropriations to cover the increased requirements of the energy projects and that of management and storage of radioactive waste (+ 9,8 m u.a. in relation to 1976). By 1977 the programme will be proceeding at a normal pace after the first start-up year. Finally, a sum of approximately 1,4 m u.a. is earmarked for two new projects on the reprocessing of irradiated fuels and the downgrading of nuclear installations.

¹ 8.509.000 u.a. in payment appropriations for the JET are still frozen in Chapter 3.20.

CHAPTER 34 EXPENDITURE RELATING TO SAFEGUARDS

ARTICLE 340 ON-THE-SPOT INSPECTIONS AND OTHER MISSIONS

1. Legal basis and description of the operation

(a) Legal basis

Chapter VII of the EAEC Treaty; Commission Regulations No 7 and 8 on safeguards; external obligations which the Commission has assumed in respect of non-member countries and international organizations, especially the Verification Agreement concluded with the IAEA in Vienna.

(b) Description of the operation

(a) In accordance with Article 77 of the EAEC Treaty, the Commission shall satisfy itself that, in the territories of the Member States:

- proper use is being made of nuclear materials,
- that the obligations assumed by the Commission in respect of non-member countries (e.g., cooperation agreement with the United States) and international organizations (e.g., Verification Agreement with the Agency in Vienna) are complied with,

(b) In accordance with Article 81 of the EAEC Treaty, the Commission shall inspect all nuclear installations on Community territory which form part of the fuel cycle from the mining stage through to the reprocessing and enrichment stage. This is an on-going operation.

2. Type of expenditure

Operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

Anticipated number of days for mission x daily allowances x average travelling expenses x additional expenses (e.g., hire of offices on the spot plus sundry expenses and if necessary the hire of cars) = overall cost = appropriation requested.

(b) Explanation of changes

| | |
|---------------------|--------------|
| 1975 Commitments | 220.827 u.a. |
| 1976 Appropriations | 270.000 u.a. |
| 1977 Request | 302.000 u.a. |

The increase of some 12% over the 1976 appropriation reflects the additional expenditure arising from the implementation of the Verification Agreement concluded with the IAEA in Vienna.

ARTICLE 341 COST OF TRAINING PERIODS

1. Legal basis and description of the operation

(a) Legal basis

As for Article 340.

(b) Description of the operation

Information and general and specialized vocational training:

- Courses and periods of training for Commission inspectors (at the seat in Luxembourg and at the JRC, in particular Ispra),
- Information and training periods with State and international organizations and institutions both within and outside the Community (e.g., USA and IAEA) which are competent in the matter of safeguards in order that inspectors can keep permanently abreast of the latest methods in this field.
- In accordance with basic Euratom standards - issued on 12 February 1959, 5 March 1962 and 17 October 1967 by the Council as Directives - the inspectors must have sufficient knowledge to be able to discern and pinpoint hazards and keep abreast of scientific progress in the field of health protection. It is therefore important that newly-recruited inspectors in particular should take part in specialized courses either at the JRC or at the national centres in the Member States.

2. Type of expenditure

Operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

Number of participants involved in the training period and on the courses x (daily allowance x number of days' training + average travelling expenses + enrolment expenses) = total cost = appropriation requested.

(b) Explanation

| | | |
|---------------------|---|-------------|
| 1975 Commitments | : | 11.659 u.a. |
| 1976 Appropriations | : | 15.000 u.a. |
| 1977 Request | : | 22.000 u.a. |

The increase in appropriations over 1976 is due to the high level of staff participation, especially of newly-recruited inspectors, in training schemes devoted to the use of new methods for inspecting nuclear installations. It is also to allow training periods to be organized for 15 inspectors on the subject of health protection.

ARTICLE 342 SAMPLING AND ANALYSIS

1. Legal basis and description of the operation

(a) Legal basis

As for Article 340.

(b) Description of the operation

Sampling and analysis in the Community's nuclear installations. The need for this arises from the application of safeguards on a physical and chemical basis, especially destructive methods. The analysis work itself is generally carried out at specialized installations such as the JRC (e.g., CBNM) or national research centres which have to be paid for such work.

2. Type of expenditure

Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

Cost of the material + cost of sampling + packaging cost + transport cost + insurance cost + cost of analysis x number of samples = total cost = appropriation requested.

(b) Explanation of changes

| | |
|---------------------|--------------|
| 1975 Commitments | 77.334 u.a. |
| 1976 Appropriations | 150.000 u.a. |
| 1977 Request | 174.000 u.a. |

Since the Commission is bound by the Treaty to inspect the nuclear installations of the Community by carrying out sampling operations the amount requested reflects the increased obligations arising from the entry into force of the Verification Agreement and the inspections which have to be carried out on the territory of the new Member States. These new inspections have led to an increase in the work-load of about 16% over the 1976 financial year.

ARTICLE 343: SCIENTIFIC AND TECHNICAL WORK AND EQUIPMENT

1. Legal basis and description of the operation

(a) Legal basis

Same as for Article 340.

(b) Description of the operation

- Acquisition, maintenance and replacement of technical equipment (including spare parts and accessories) which are indispensable to compliance with the obligations laid down in Chapter VII of the Euratom Treaty and of the Commission's "external commitments" towards non-member countries and international organizations are to be safeguarded in accordance with the provisions laid down in Articles 77 and 81 of the Euratom Treaty.
- Scientific and technical work involved in the design, research, development and application of a large number of techniques for the measurement and supervision of fissile materials in accordance with the provisions laid down in Article 77 of the Euratom Treaty.

2. Type of expenditure

Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

- Purchase price of new material (equipment, instruments, apparatus) + maintenance and repair of existing material = total cost = appropriation requested.
- The benefits are calculated according to the nature of each application; prices always vary for reasons such as:
 - market sensitivity to price fluctuations,
 - very complex and therefore costly projects.

(b) Explanation of changes

| | |
|---------------------|--------------|
| 1975 Commitments | 138.317 u.a. |
| 1976 Appropriations | 150.000 u.a. |
| 1977 Request | 186.000 u.a. |

Following the entry into force of the Verification Agreement and in anticipation of the provisions of the new Regulation concerning new methods of inspection, inspectors must be provided with the most up-to-date and efficient equipment possible. This leads to an increase in the volume of scientific equipment purchased and means that the equipment must be continually adapted to suit technical requirements.

Consequently, the percentage increase in 1977 will be 24% over the appropriations for the preceding budget year.

ARTICLE 344: EXPENDITURE ON FORMAL AND INFORMAL MEETINGS

1. Legal basis and description of the operation

(a) Legal basis

As for Article 340.

(b) Description of the operation

In accordance with the provisions of Article 77 of the Euratom Treaty, the Commission must satisfy itself that, in the territories of Member States:

- proper use is being made of nuclear materials,
- that the obligations assumed by the Commission towards non-member countries and international organizations are complied with.

Accordingly, the Commission must either take part in or organize the following meetings:

- meetings relating to the implementation of the Verification Agreement concluded with the IAEA: 20 meetings planned,
- meetings on the procedures for drawing up physical inventories and for the use of equipment, seals, etc: 5 meetings planned,
- meetings of the Advisory Committee on Safeguards: 2 meetings planned.

2. Type of expenditure

Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

Number of experts x (daily allowances x number of days present + average travelling expenses) = total cost = appropriation requested.

(b) Explanation of changes

| | | |
|------------------|------|-------------|
| - Commitments | 1975 | 5.695 u.a. |
| - Appropriations | 1976 | 25.000 u.a. |
| - Request | 1977 | 26.000 u.a. |

The appropriation requested for 1977 remains entirely within the normal limits of price increases.

ARTICLE 345 - EXPENDITURE ON HEALTH CHECKS AS PART OF THE MEASURES FOR PROTECTING THE HEALTH OF STAFF EXPOSED TO RADIATION

1. Legal basis and description of the operation

(a) Legal basis

EAEC Treaty (Chapter III - Articles 31 and 33)
National laws on "basic standards".

(b) Description of the operation

Any person exposed in the course of his work to radiation must be protected against the attendant dangers. This applies in general especially to persons who work in nuclear installations and to the Commission inspectors who carry out the safeguard checks in accordance with the provisions of Article 77 of the Euratom Treaty.

2. Type of expenditure

JRC scientific activities.

3. Method of calculation and explanation of changes

(a) Method of calculation

(Number of inspectors x cost of the various activities assigned to each inspector) + cost of the exceptional allowances in case of irradiation + requisite equipment for this operation + any administrative costs (for example: administration) = total cost.

(b) Explanation of changes

| | | |
|------------------|------|------------------------|
| - Commitments | 1975 | 20.000 u.a. (transfer) |
| - Appropriations | 1976 | 20.000 u.a. |
| - Request | 1977 | 22.000 u.a. |

This increase takes account of the normal trend in the costs for these operations.

CHAPTER 35 PROTECTION OF MAN AND HIS ENVIRONMENT

| Article or Item | Heading | Appropriations 1976 | Estimates 1977 | Change between 1976 and 1977 | |
|--------------------|---|---------------------|-------------------|---------------------------------|------------------|
| | | | | Amount | % |
| 350 | Radiation protection | 220.000 | 350.000 | + 130.000 | + 59 % |
| 351 | Health and safety in respect of air and water | 400.000 | 480.000 | + 80.000 | + 20 % |
| 352 | Health and safety meas- ures at the place of work | 300.000 | 400.000 | + 100.000 | + 33 % |
| 3521 | Grant to the ILO | 20.000 | 20.000 | - | - |
| 353 | Studies and research on medicine and public health | token entry | 40.000 | + 40.000 | new operation |
| 3540 | Environmental studies | 960.000 | 1.412.000 | + 452.000 | + 33 % |
| 3541 | Environmental projects | 100.000 | 150.000 | + 50.000 | + 50 % |
| 3550 | Consumer protection studies | 120.000 | 180.000 | + 60.000 | + 50 % |
| 3551 | Consumer projects | 200.000 | 240.000 | + 40.000 | + 20 % |
| 356 | Organization and "humanizing" of work | 1 | 50.000 | + 49.999 | new operation |
| 359 | European Foundation for the Improvement of Living and Working Conditions | 2.500.000 | 3.025.000 | + 525.000 | + 20 % |
| | Chapter 35 - Total | 4.820.001 | 6.347.000 | + 1.526.999 | + 31,68% |

CHAPTER 35 PROTECTION OF MAN AND HIS ENVIRONMENT

ARTICLE 350 RADIATION PROTECTION

1. Legal basis and description of the operation

(a) Legal basis

This Article relates to the specific responsibilities of the Commission in respect of radiation protection under Articles 30 to 39 of the EAEC Treaty (Euratom).

(b) Description of the operation

Apart from the formulation and the revision, with the assistance of national experts, of basic standards: maximum admissible doses, exposure and contamination, medical surveillance (the directives fixing these standards were decided by the Council on 2 February 1959 and revised on 5 March 1962 and 27 October 1966), these responsibilities include the following activities:

- inspection of the installations for monitoring the level of radioactivity in the air, water and soil and for ensuring compliance with the basic standards (Art. 35 EAEC);
- opinion on any project for the disposal of radioactive waste in the Member States with the assistance of the experts mentioned above (Art. 27 EAEC);
- making recommendations or, in cases of urgency, directives, with regard to the level of radioactivity or compliance with the basic standards (Art. 38 EAEC).

2. Type and breakdown of expenditure

u.a.

| | |
|---|----------------|
| - Travel expenses and subsistence allowances for meetings | 70.000 |
| - Experts' fees and costs of studies | 120.000 |
| - Conferences and seminars | 60.000 |
| - Mission and other expenses in respect of inspections of monitoring facilities | 100.000 |
| - Publications of the Health Protection Directorate | |
| | <u>350.000</u> |

3. Method of calculation and explanation of changes

(a) Method of calculation

- | | | |
|---|---|---|
| - Travel expenses and subsistence allowances for conferences and seminars, mission expenses | } | according to the standards in force |
| - Experts' fees, costs of studies | | : on the basis of the actual prices and the normal fees |
| - Publications (produced by the Directorate) | | : on the basis of estimates to be provided |
| (bought) | | : payment against invoice |

(b) Explanation of changes

1976 Appropriations : 220.000 }
1977 Appropriations : 350.000 } variation of + 59%

More than half of the increase has been caused by the planning of a list of studies on radioactivity in river water, which raises the study costs from 53.000 u.a. in 1976 to around 120.000 u.a. in 1977. Apart from the studies, the increase in the operation (+ 35%) is fully justified by the necessity to keep pace - as regards protection from exposure to radiation - with the rapid growth of the production of nuclear energy in the Community.

ARTICLE 351 HEALTH AND SAFETY IN RESPECT OF AIR AND WATER

1. Legal basis and description of the operation

(a) Legal basis

This Article relates to one of the objectives of the Community's environmental action programme approved by the Council on 22 November 1973, namely to improve human living conditions by combating pollution, including noise pollution, and nuisances affecting the air, water and soil.

The objective has since been more precisely formulated by various acts of the Council and described in the proposal for a resolution ('2nd Environmental Programme') forwarded to the Council on 24 March 1975, this latter already having approved the main guidelines at its meeting of 16 October 1975.

(b) Description of the operation

The achievement of this objective implies the objective evaluation of the risks associated with air, water and soil pollutants, with a view to establishing common health standards and programmes for monitoring the population. It also implies the drafting of new directives and the harmonization of the methods for measuring and sampling.

2. Type and breakdown of expenditure

- Continuation of the work of implementing the action programme on the environment regarding first- and second-category pollutants and the networks for monitoring atmospheric pollution.
- Analysis of scientific data, consultations, the work of summarizing, with a view to establishing criteria of harmfulness, common health standards and programmes of monitoring the population in the light of the risks caused by environmental pollutants.
- This programme includes additionally the preparation and the drafting of new directives and the harmonization of methods for measuring and sampling.
- Meetings of national experts, groups of consultants and working groups.
- Technical and scientific colloquia, symposia and seminars.
- Study contracts.
- Information and coordination visits to measuring installations and study centres and taking part at meetings.
- Publication of scientific reports and the proceedings of the colloquia, symposia and seminars.

3. Method of calculation and explanation of changes

(a) Method of calculation

Meetings of experts, colloquia, missions, studies: according to the standards in force.

(b) Explanation of changes

1976 Appropriations : 400.000 u.a. }
1977 Appropriations : 480.000 u.a. } variation of + 20%

This increase, which will allow the scheme to be slightly expanded, is due to the extension of the Commission's activities in the sphere of health and safety in respect of air and water, particularly in the light of the acts of the Council (Resolution and Decision of 24 June 1975) which laid down a second list of pollutants to be examined according to the procedure established by the programme of action and concerning the networks for monitoring the atmospheric pollutants.

ARTICLE 352 HEALTH AND SAFETY MEASURES AT THE PLACE OF WORK

ITEM 3520 HEALTH AND SAFETY MEASURES AT THE PLACE OF WORK

1. Legal basis and description of the operation

(a) Legal basis

The Environmental Action Programme approved by the Council on 22 November 1973 calls for action to improve the working environment. The proposal for a resolution sent to the Council on 24 March 1976 (2nd Environmental Programme) includes this objective (Chapter 7).

On the other hand, the Social Action Programme of 21 January 1974 lists among its priorities a first action programme primarily concerned with health and safety at work, the health of the worker, the improvement of tasks, The Council has already received from the Commission on 10 April 1975 the guidelines for such a programme. The programme itself is being prepared in collaboration with the Advisory Committee on Safety, Hygiene and Health Protection at Work, which was set up by the Council Decision of 27 June 1974.

(b) Description of the scheme

The "guidelines for a Community programme" define a certain number of objectives to each one of which corresponds a certain type of operation. The following is a summary:

2. Type and breakdown of the expenditure

Community actions for accident prevention including in particular:

- meetings of national experts, groups of consultants and working groups for studying pollutants and nuisances in the industrial environment,
- establishment and implementation of a permanent system of technical documentation and information,
- making a film on safety,
- study contracts,
- organization of technical and scientific colloquia, symposia and seminars,
- publication of the scientific reports and the acts produced by the colloquia, symposia and seminars,
- information and coordination visits to the organizations and installations which take part in the Community scheme for accident prevention,
- courses and seminars intended for the competent officials from the Member States and for both sides of industry.

3. Method of calculation and explanation of changes

(a) Method of calculation

Meetings of experts, colloquia, missions, studies: according to the standards in force.

(b) Explanation of changes

| | | | |
|-----------------------|------------------|------------------|---------|
| 1976 Appropriations : | 300.000 | } 350.000 u.a. } | = + 14% |
| | +50.000 Art. 303 | | |
| 1977 Sum requested | 400.000 | | |

The urgency of the campaign against industrial accidents justifies the increase in the appropriation devoted to this operation.

| Objectives | Actions |
|---|---|
| - regulations and monitoring | - concertation |
| - prevention | - information |
| - accident/illness statistics | - enquiries |
| - training | - collaboration with the European Centre for Vocational Training |
| - information | - to develop a Community concept |
| - participation | - medical and safety services - standards to be observed for each job |
| - safety in the undertaking | - European codes for safety and hygiene |
| - specific problems for certain categories of workers | - protection of migrant workers |

ITEM 3521 GRANT TO THE INTERNATIONAL LABOUR OFFICE

1. Legal basis and description of the operation

The subsidy covered by this appropriation is granted to the ILO's International Occupational Safety and Health Information Centre (CIS) in exchange for documentation services provided by the CIS, in accordance with the Convention concluded in 1959 between the High Authority of the ECSC and the Centre.

2. Type of expenditure: Subsidy

3. Method of calculation and explanation of changes

(a) Method of calculation

Payment for documentation services.

(b) Explanation of changes

| | |
|----------------------|--------|
| 1974 expenditure: | 18.000 |
| 1975 commitments: | 18.000 |
| 1976 appropriations: | 20.000 |
| 1977 sum requested: | 20.000 |

No change in 1977.

New operation

ARTICLE 353 STUDIES AND RESEARCH ON MEDICINE AND PUBLIC HEALTH

1. Legal basis and description of the operation

This new project, based on Article 118 of the EEC Treaty, will consist of exploratory work undertaken with a view to defining Community strategy for counteracting and preventing social diseases.

The "social diseases" are those resulting from partial or complete failure to adapt to modern life, e.g., nicotine poisoning, drug addiction, absenteeism, etc. They will be evaluated on a comparable basis in the various Member States as a result of the establishment of health parameters or indicators.

This project will be the subject of a communication to the Council before the end of 1976.

2. Type and breakdown of the expenditure

Studies and meetings of experts.

3. Method of calculation and explanation of changes

(a) Method of calculation

According to the standards in force.

(b) Explanation of changes

1976 appropriations (new item): token entry
1977 sum requested: 40.000

A start should be made to the project in 1977.

ARTICLE 354 COMMUNITY ENVIRONMENTAL PROTECTION MEASURES

ITEM 3540 ENVIRONMENTAL STUDIES

1. Legal basis and description of the operation

(a) Legal basis

These studies, which are based on the first environmental action programme, approved by the Council on 22 November 1973 (Council declaration of 22 November 1973, OJ No C 112, 20 December 1973), should also, from 1977, have as their basis the second environmental programme. A proposal for a Council Resolution on the pursuit and implementation of an environmental policy and action programme was sent to the Council on 24 March 1976. The guidelines for this second programme had already been approved by the Council at its meeting of 16 October 1975.

(b) Description of the operation

All these studies refer to projects provided for in these programmes:

- economic aspects of environmental protection (the principle "polluter pays", indicators, etc.)
- the natural environment (fauna, flora, etc.)
- town-planning, natural resources (minerals, water, etc.)
- water management
- education.

The second programme provides in particular for a new and important field, that of combating waste.

2. Type and breakdown of the expenditure

All these studies refer to schemes provided for in these programmes:

| | |
|---|------------------|
| 1. Economic aspects of environmental protection (the principle "polluter pays", etc.) | 80.000 |
| 2. Natural environment (flora, fauna, town-and regional planning) | 186.000 |
| 3. Water management | 360.000 |
| 4. Combating waste (disposal and reclamation of waste, etc.) | 220.000 |
| 5. Air | 86.000 |
| 6. Noise | 90.000 |
| 7. New chemical substances | 82.000 |
| 8. Legal aspects | 60.000 |
| 9. Monitoring of pollution | 30.000 |
| 10. Education of the public | 24.000 |
| 11. Agriculture and environment | 34.000 |
| 12. Report on the state of the environment (continuation) | 34.000 |
| 13. Other studies | 126.000 |
| | <u>1.412.000</u> |

3. Method of calculation and explanation of changes

1976 appropriation: 960.000
1977 appropriation: 1.412.000 variation: + 1/3

For certain types studies (Nos 5, 6, 7 and 12 of paragraph 1 (b), for example) the appropriations are the same as in 1976. For others, they are growing rapidly (combating waste, water management, the natural environment), depending on the sectors where the main effort of the policy for the environment is being brought to bear.

ITEM 3541 ENVIRONMENTAL PROJECTS

1. Legal basis and description of the operation

(a) Legal basis

Identical to that of Item 3540

(b) Description of the operation

Projects to educate the public and make it more sensitive to environmental matters.

2. Type and breakdown of the expenditure

- Support of non-governmental organizations
- School activities
- Meetings
- Summer schools and other educational activities
- Promotion of nature protection (joint campaigns, competitions, etc.)
- Specific sensitization projects (farmers, exhibition material, etc.).

3. Method of calculation and explanation of changes

| | | |
|------------------------------|---|---------------|
| 1976 Appropriations: 100.000 | } | change: + 50% |
| 1977 Appropriations: 150.000 | | |

In view of the fact that the environment policy is a recent phenomenon, the projects under this Item, conducted on the basis of the studies under the previous Item, are in the initial stages, and are consequently undergoing rapid development.

ARTICLE 355 CONSUMER PROTECTION AND INFORMATION

ITEM 3550 CONSUMER PROTECTION STUDIES

1. Legal basis and description of the operation

Preliminary programme of the European Economic Community for a consumer protection and information policy (Council Resolution of 14 April 1975, OJ No C 92 of 25 April 1975).

These studies arise out of priority action topics referred to in the programme, covering the following five basic guidelines:

- (1) Protection of consumer health and safety with regard to products.
- (2) Protection of the economic interests of consumers.
- (3) The problem of advice, help and redress.
- (4) Consumer information and education.
- (5) Consumer consultation and representation.

ITEM 3551 CONSUMER PROJECTS

1. Legal basis and description of the operation

(a) Legal basis

Preliminary programme of the European Economic Community for a consumer protection and information policy (Council Resolution of 14 April 1975), and in particular points 46, 47(ii) and the first paragraph of 48 thereof:

"E. Consumer consultation and representation

(a) Principles

46. When decisions which concern them are prepared, consumers should be consulted and allowed to express their views, in particular through organizations concerned with consumer protection and information.

(b) Action

47. In this field, the Commission will:

.....

ii) encourage organizations representing consumers to study certain matters of particular importance for consumers, to make known their views and coordinate their efforts;

III. Implementation

48. In implementing its programme, the Commission will take full account of studies and other work already carried out by the Member States, international bodies and consumer organizations, and will collaborate with them so as to enable the Community to take advantage of work already in progress".

(b) Description of the operation

To help consumer organizations improve their structure on the European level and to finance activities undertaken by these European organizations representing consumers in order to enable them to carry out their duties in the best possible way. Community intervention is intended to enable consumer bodies to be consulted and their expert advice obtained, where necessary, on complex problems in the fields of consumer protection, information and education, as well as reasoned opinions of such bodies who also take part in the drawing-up of directives through the Consumers' Consultative Committee.

2. Type and breakdown of the expenditure: Subsidy

3. Method of calculation and explanation of changes

This aid has been based up to now on the contribution of a certain number of studies by European consumer organizations.

It is assessed on the basis of the need for these organizations to carry out their duties in the Commission speedily, and in particular to be able to formulate their opinions effectively.

1976 Appropriations: 200.000 u.a.

1977: 240.000 u.a.

The increase of 20% (see Item 3550) corresponds to the implementation of the action programme approved by the Council on 14 April 1975.

ARTICLE 356 ORGANIZATION AND "HUMANIZING" OF WORK

1. Legal basis and description of the operation

(a) Legal basis

The social action programme (21.1.74) includes among its priorities action aimed at improving the most unpleasant jobs.

(b) Description of the operation

Two types of action are planned for 1977:

- a contribution towards the financing of the first complete teaching cycle of a "Centre de formation pour concepteurs industriels", on European matters, and in which the training period, for management staff of businesses and firms, will emphasize the "humanizing" aspect of work "in the business or firm".

- a contribution towards the implementation of pilot schemes aimed at explaining Community policy in this area.

2. Type of expenditure

- Subsidy to the "Centre de formation pour concepteurs industriels".

- Contribution towards the implementation of the pilot schemes.

3. Method of calculation and explanation of changes

(a) Method of calculation

- Grant to the "Centre de formation".

Operational cost of the Centre for one year: 560.000 u.a.

Expenditure not covered by normal resources: 160.000 u.a.

The EEC grant will cover a proportion to be determined of the outstanding amount.

- Contribution towards the implementation of pilot schemes:

- to be fixed on the basis of
 - the schemes selected,
 - the grant allocated to the "Centre de formation",

(b) Explanation of changes

1976 Appropriations: 1 u.a.

1977: 50.000 u.a.

The purpose of the entry of 1 u.a. in 1976 was to encourage the implementation of action to organize jobs. The appropriation for 1977 will enable such action to be undertaken.

ARTICLE 359 THE EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS

1. Legal basis and description of the operation

(a) Legal basis

The European Foundation for the Improvement of Living and Working Conditions was created by Council Regulation (EEC) No 1365/75 of 26 May 1975, OJ No L 139 of 30 May 1975. It is to be entered under the terms of the environmental action programme, which provides for it expressly, and the social action programme.

(b) Description of the operation

The aim of the Foundation is to "contribute to the planning and establishment of better living and working conditions through action designed to increase and disseminate knowledge likely to assist this development" in the medium and long term. The Foundation will take account of the relevant Community policies and advise the Community institutions on foreseeable objectives and guidelines by forwarding, in particular, scientific information and technical data. It will deal more specifically with the following:

- men at work,
- organization of work and particularly the design of working-places,

- problems peculiar to certain categories of workers,
- long-term aspects of improvement of the environment,
- distribution of human activities in space and in time.

2. Type and breakdown of the expenditure

(a) Type

According to Article 15(2) of Regulation No 1365/75 a subsidy for the Foundation is to be entered annually in the Budget of the Communities under a specific heading.

(b) Breakdown

- Staff: 1.380.000 u.a. for the following:

- 1 Director A3
- 1 Deputy Director A4
- 10 A officials, including 3 translators
- 5 B officials
- 8 C officials
- 3 local staff

Total 28 persons

- Operation:

298.700 u.a. of which 80.000 are for meetings of the Administrative Board and the Committee of Experts provided for in the Basic Regulation.

- Operational expenditure:

1.330.000 u.a. of which 950.000 u.a. are to cover the costs of pilot projects and studies.

Total: 3.025.000 u.a.

The high proportion of staff and operating appropriations out of the total expenditure (56%) can be explained by the need to implement the operational activities gradually.

3. Method of calculation and explanation of changes

The subsidy is to be determined on the basis of the estimate submitted annually by the Administrative Board of the Foundation.

1976 Appropriations: 2.500.000 u.a.

1977: 3.025.000 u.a.

The increase of 20% can be explained by the fact that 1977 will be the first complete year in which the Foundation is functioning, since it will only have begun operating in May 1976.

CHAPTER 36 EXPENDITURE ON SCIENTIFIC AND TECHNICAL INFORMATION
AND ON INFORMATION MANAGEMENT

ARTICLE 360 PURCHASE OF BOOKS AND SUBSCRIPTIONS

1. Legal basis

EAEC Treaty (Articles 12 to 29).

2. Type of expenditure

Purchase of reference works, regular subscriptions, conservation and upkeep of reference works and periodicals, the preparation of card-indexes, catalogues and related work on punched card systems.

3. Method of calculation and explanation of changes

(a) Method of calculation

| | | |
|---------------------------------|---|---------------------|
| 1.500 reference works x 30 u.a. | = | 45.000 u.a. |
| 2.250 periodicals x 40 u.a. | = | 90.000 u.a. |
| 5.250 reports x 6 u.a. | = | 31.500 u.a. |
| Bindings, shelves | = | 8.500 u.a. |
| | | <u>175.000 u.a.</u> |
| | | ===== |

(b) Explanation of the changes

| | | |
|---------------------|---|--------------|
| Commitments 1975 | : | 145.000 u.a. |
| Appropriations 1976 | : | 145.000 u.a. |
| Sum requested 1977 | : | 175.000 u.a. |

The substantial increase in appropriations is primarily due to the higher cost of paper, which has led to a sharp rise in the price of publications.

ARTICLE 361: DISSEMINATION, CIRCULATION AND UTILIZATION OF
SCIENTIFIC AND TECHNICAL KNOWLEDGE

It should be noted that as from 1977 Article 361 is subdivided as follows:

Item 3610 Dissemination and circulation of scientific and technical knowledge,

Item 3611 Assessment and utilization of the research findings.

ITEM 3610: DISSEMINATION AND CIRCULATION OF SCIENTIFIC AND
TECHNICAL KNOWLEDGE

1. Legal basis and description of the operation

(a) Legal basis

EAEC Treaty (Articles 12, 14 and 15)
ECSC Treaty (Article 55)
EEC Treaty (Articles 41 and 235)

(b) Description of the operation

- To obtain better returns from research, in particular research financed from the Community budgets.
- To ensure efficacious and rapid dissemination of the findings of Community research by means of periodical and occasional publications. Participation in certain exhibitions. Generally, to promote, by studies and experimental projects, the publication of research findings in the areas covered by the Treaties.

2. Type of expenditure

Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriations requested for the financial year 1977 have been calculated as follows:

| | |
|---|--------------------|
| (a) periodicals: -"Euro-abstracts" | 85.000 u.a. |
| - "Transatom" | 45.000 u.a. |
| (b) research reports | 250.000 u.a. |
| (c) conference proceedings | 80.000 u.a. |
| (d) drafting, "rewriting" and preparation of texts | 13.000 u.a. |
| (e) computer translation of summaries | 10.000 u.a. |
| (f) rationalization of the primary sources | 20.000 u.a. |
| (g) "corrector-rewriter" equipment (rental) | 7.000 u.a. |
| (h) participation in exhibitions | 20.000 u.a. |
| | <hr/> 530.000 u.a. |
| Re-use of revenue | <hr/> -40.000 u.a. |
| Appropriations requested | <hr/> 490.000 u.a. |

(b) Explanation of changes

| | | |
|-----------------------|---|--------------|
| - Commitments 1975 | : | 399.990 u.a. |
| - Appropriations 1976 | : | 427.000 u.a. |
| - Sum requested 1977 | : | 490.000 u.a. |

These figures include an increase of 68.000 u.a. relating mainly to items (a), (b), (f) and (h).

ARTICLE 361: DISSEMINATION, CIRCULATION AND UTILIZATION
OF SCIENTIFIC AND TECHNICAL KNOWLEDGE

ITEM 3611: ASSESSMENT AND UTILIZATION OF RESEARCH FINDINGS

1. Legal basis and description of the operation

(a) Legal basis

EAEC Treaty (Articles 12, 14 and 15)

ECSC Treaty (Article 55)

EEC Treaty (Articles 41 and 235)

In the light of the guideline proposals which the Commission submitted to the Council on 15 December 1975 (Doc. COM/75/535

Objectives, priorities and resources for a common research and development policy), the Commission will work out in greater detail the procedures for its intervention in this field with a view to a Council decision.

(b) Description of the operation

The purpose of the operation is to promote the effective exploitation of original findings discovered under Community research, and in particular:

- (a) the assessment of certain Community research findings which could lead to innovations in industry, particularly by means of feasibility and/or market studies,
- (b) a study on the improvement of the process of development from the original discovery up to industrial application,
- (c) demonstrations, trials and development of prototypes.

2. Type of expenditure

These projects will be carried out under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

Experience shows that in general industry is not interested in exploiting an original discovery unless it can see ahead the profits and the risks, established on the basis of technical and commercial studies, pilot applications or a prototype.

The appropriations are allocated as follows:

(a) feasibility and market studies 15.000 u.a.

(b) study on improving the development process from the original discovery to industrial application 10.000 u.a.

(c) demonstrations, trials and development of prototypes 75.000 u.a.

100.000 u.a.

ARTICLE 362 DOCUMENTARY RESEARCH, SCIENTIFIC AND TECHNICAL INFORMATION AND DOCUMENTATION

ITEM 3620 PLAN FOR THREE-YEAR PROJECT

1. Legal basis and description of the operation

(a) Legal basis

Council Decision of 18 March 1975 on the first stage of the project on scientific and technical information and documentation (STID)

Opinions of CREST:

12 July 1974 (Doc. R/2087/74 - Research 12),

27 June 1975 (Minutes of the 15th meeting, Doc. CREST/67/75).

13 May 1976

(b) Description of the operation

This three-year project covers:

- sectoral information systems (Eur-Agris, an environment reference system, etc.),
- establishment of the physical telecommunications network (Euronet) by the consortium of the nine national post and telecommunications authorities of the Member States,
- technology and methodology of information,
- encouraging the training of specialists and the instruction of users of scientific and technical information.

2. Type of expenditure

These projects will be carried out under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

In 1977, the second year of the project, the activities started in 1975 and 1976 will be completed and the technical studies in these areas will be speeded up.

The estimate of appropriations is based on the following considerations:

- the experience acquired with the systems already in operation, together with the information supplied by the national experts,
- for each sectoral system, an estimate of the quantity of information to be processed and the unit cost of processing,
- current rates for studies and information and documentation services,
- the financial scheme drawn up by the consortium of the nine national post and telecommunications authorities (technical annex to the contract of 15 December 1975),
- the estimates made by the national experts for the costs of connecting existing systems and host computers to the network and converting them to the norms of the network.

(b) Explanation of changes

Commitments 1975: 1.840.000 u.a.¹
 Appropriations 1976: 2.150.000 u.a.
 Sum requested 1977: 1.300.000 u.a. (payment)
 2.775.000 u.a. (commitment)

The three-year project is subdivided into:

- sectoral systems: 400.000 u.a.
- Euronet network: 370.000 u.a.
- methods and techniques: 530.000 u.a.

in m u.a.

| Commitments | Payments | | |
|-------------|----------|-------|-------|
| | 1977 | 1978 | 1979 |
| 1977: 2,775 | 1,300 | 1,050 | 0,425 |

These appropriations for commitment represent the last instalment of the three-year project. This last instalment will be covered by appropriations for payment in accordance with the timetable set out above. These appropriations are therefore required for completing the three-year project as approved by the Council on 18 March 1975; it is examined annually by CREST.

New operation

ARTICLE 362

DOCUMENTARY RESEARCH, SCIENTIFIC AND TECHNICAL INFORMATION AND DOCUMENTATION

ITEM 3621

ACTIVITIES SUPPLEMENTARY TO THE THREE-YEAR PROJECT

1. Legal basis and description of the operation

(a) Legal basis

This is an activity supplementary to the three-year project on scientific and technical information and documentation (STID) approved by Council Decision of 18 March 1975.

(b) Description of the operation

These activities relate particularly to:

- the application and adaptation of multilingual and computer translation systems now being developed in the scientific information sector proper to fields (economic, social, legal and cultural information) which lie partly outside the scope of the project, with a view to a systematic removal of language barriers,

¹The commitments for 1975 amount to 2.322.537 u.a. including 1.840.000 u.a. for Item 3620 and 482.537 u.a. for Item 3622 (former Item 3621).

- conversion to the norms and features of the Euronet network of the various bodies of data now in existence or being developed in the Community Institutions, to make them available on line from 1977 (with a reply time of 3 seconds) to the various categories of users in the Community,
- computerization of some Community card indexes, chosen selectively and complementary to the scientific field, by using techniques which have already proved their worth in STID operations.

This specific programme, which is in direct line with the project and makes a significant contribution to it, was drawn up after consultation of CIDST (Resolution of 27 February 1976), largely in response to the recommendations of the Economic and Social Committee (19 December 1974) and the Opinion of the European Parliament (13 January 1975).

2. Type of expenditure

This project will be carried out under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

The full-scale pilot experiments now being carried out within the Commission, in a few Member States and also in the United States and Canada together constitute a reliable basis for assessment.

Moreover, correlations have been made between estimates based on unit costs and estimates drawn from overall costs, system by system.

(b) Explanation of changes

Besides being a useful development of the three-year project, this scheme will refine and perfect the translation processes.

in m u.a.

| Commitments | Payments | | |
|-------------|----------|-------|-------|
| | 1977 | 1978 | 1979 |
| 1977: 0,650 | 0,260 | 0,260 | 0,130 |

ARTICLE 362 DOCUMENTARY RESEARCH, SCIENTIFIC AND TECHNICAL INFORMATION AND DOCUMENTATION

ITEM 3622 OTHER PROJECTS IN THE FIELD OF DOCUMENTARY RESEARCH

1. Legal basis and description of the operation

(a) Legal basis

EAEC Treaty: nuclear documentation system;
Council Resolution of 24 June 1971: metallurgical documentation system;
Second provisional technical agreement signed in 1975 by all the Member States taking part in the DISM.

(b) Description of the operation

The general aim is to improve the utilization of scientific and technical information in the nuclear and metallurgical fields:

- by the continued development and operation of the documentary systems already established, particularly in the nuclear field (ENDS) and the metallurgical field (DISM);
- by the purchase, rental and maintenance of computer, telecommunications, reproduction, documentation and library equipment.

2. Type of expenditure

Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

The estimate of appropriations is based on the following considerations:

- the experience acquired with the systems in operation, together with the information supplied by the national experts,
- for the sectoral systems, an estimate of the quantity of information to be processed and the unit cost of processing,
- the costs of the special equipment required are taken from the catalogues of the main suppliers.

(b) Explanation of changes

The object is to maintain in operation the schemes already functioning, and the appropriations requested are needed for this purpose.

The introduction of appropriations for commitment makes it possible to keep the cost of the project (in terms of appropriations for payment) within reasonable limits, allowing for the general rise in prices and the greater volume of activity resulting from the implementation of the three-year project.

in m u.a.

| Commitments | Payments | | |
|-------------|----------|-------|-------|
| | 1977 | 1978 | 1979 |
| 1977: 0,585 | 0,351 | 0,156 | 0,078 |

ARTICLE 363 PATENTS

1. Legal basis and description of the operation

(a) Legal basis

- Procedures in connection with patents:
 - EAEC Treaty (Article 12)
 - ECSC Treaty (Article 55)
 - EEC Treaty (Articles 41 and 235)
- Information on patents:
 - Support and advice in the implementation of Community policies.

(b) Description of the operation

(a) Procedures in connection with patents

Applying for and obtaining patents in respect of inventions resulting from Community research projects, maintaining them in force and defending them against infringement.

Procedures to protect the results of Community research against patent applications presented by third parties.

(b) Information on patents

- (1) Analysis and synthesis of the information protected by patents; this work is to be entrusted wholly or partly to documentation centres or patent experts.
- (2) The objective of this project is twofold:
 - (i) to gather documentary material for use by DG XIII-A in giving opinions and advice to other Directorates-General (e.g., DG IV);
 - (ii) to carry out statistical surveys and prepare summary reports, which will be used partly for drafting Commission proposals and partly for public information purposes.

2. Type of expenditure: Technical operating costs.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriations requested for 1977 have been calculated on the following basis:

| | |
|---|--------------|
| (a) 150 patent applications (an average of 5 applications per invention about 270 u.a. per country) | 40.000 u.a. |
| 40 searches for prior patents (about 300 u.a. each) | 12.000 u.a. |
| Examination procedures (160 patents) | 24.000 u.a. |
| Maintenance in force (1.200 patents) | 66.000 u.a. |
| Defence of patents | 10.000 u.a. |
| | <hr/> |
| | 152.000 u.a. |
| (b) Analyses of information on patents | 25.000 u.a. |
| | <hr/> |
| | 177.000 u.a. |

(b) Explanation of changes

1975 Commitments: 164.000 u.a.
1976 Appropriations: 164.000 u.a.
1977 Sum requested: 177.000 u.a.

Having regard to the rise in prices, the increase for 1977 appears quite normal in relation to the appropriations for previous years.

ARTICLE 370 PROJECTS IN THE DATA-PROCESSING SECTOR

ITEM 3700 FIRST PROGRAMME

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 15 July 1974 on the improvement of conditions of competition in the data processing sector.
- EEC Treaty (Article 235)
- Council Decision of

(b) Description of the operation

The operation is intended to further research in the data processing sector by carrying out an initial series of priority projects, namely:

- a data base for matching organs and blood;
- a study on computer-based systems for import/export data and the management of agricultural market organizations;
- a study of the Community's requirements in the field of legal documentation systems;
- a developmental study in the area of computer-aided design;
- exploratory studies to assist in the preparation of future multiannual programmes.

2. Type of expenditure

These multiannual projects are being carried out under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriations are assigned as follows:

| | |
|--|-----------------------|
| - data base for matching organs and blood | 220.000 u.a. |
| - computerized system for import/export data | 570.000 u.a. |
| - legal information retrieval | 350.000 u.a. |
| - computer-aided design | 490.000 u.a. |
| - exploratory studies | 220.000 u.a. |
| | <u>1.850.000 u.a.</u> |

(b) Explanation of changes

- 1976 Appropriations: token entry (1.500.000 u.a. entered in Chapter 100)
- 1977 Sum requested: 1.850.000 u.a. (payment)
2.400.000 u.a. (commitment)

This is a continuation of the three-year programme which is about to be adopted by the Council.

Commitments

Payments

m u.a.

| | 1977 | 1978 | 1979 |
|-------------|-------|-------|------|
| 1977: 2,400 | 1,850 | 0,550 | |

ITEM 3701 SECOND PROGRAMME IN THE DATA-PROCESSING SECTOR

1. Legal basis and description of the operation

(a) Legal basis

Council Resolution of 15 July 1974 on the improvement of conditions of competition in the data-processing sector. EEC Treaty (Article 235)

(b) Description of the operation

Proposal presented to the Council by the Commission on 22 September 1975 (OJ No C 14 of 21 January 1976) relating to:

- a project for the development of a common real-time programming language (LTPL project);
- a group of data processing projects on software portability;
- a number of projects relating to computer applications and studies in the data processing sector (points c to f below).

2. Type of expenditure

These multiannual projects are carried out under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

The appropriations are allocated as follows:

| | |
|---------------------------------------|-----------------------|
| (a) common language (LTPL) | 2.735.000 u.a. |
| (b) software portability | 2.145.000 u.a. |
| (c) support for computer users | 1.205.000 u.a. |
| (d) information storage and retrieval | 160.000 u.a. |
| (e) high-speed data transmission | 570.000 u.a. |
| (f) studies | 420.000 u.a. |
| | <u>7.235.000 u.a.</u> |

(b) Explanation of changes

m u.a.

| Commitments | Payments | | |
|--------------|----------|-------|-------|
| | 1977 | 1978 | 1979 |
| 1977: 22,385 | 7,235 | 9,045 | 6,105 |

These projects are designed to remove the technical barriers to data exchange within the Community and, by so doing, open up a wider market to the Community industries.

New operation

ARTICLE 371 OPERATIONS IN THE AEROSPACE SECTOR

ITEM 3710 BASIC RESEARCH

1. Legal basis and description of the operation

(a) Legal basis

Proposal in the draft stage.

(b) Description of the operation

The research and basic technology projects can be grouped in three categories:

- (a) short-term applications, where the existing technologies have to be extended and improved with a view to the optimization of specified products;
- (b) medium-term applications, where the objectives can be determined only by market trends;
- (c) long-term applications, where the opposite is the case: here it is the evaluation of current scientific and technological research that gives a pointer to the long-term trends.

2. Type of expenditure

Joint financing, on a non-repayable basis, of a Community fundamental research programme to be carried out under contract.

3. Method of calculation

1977 Sum requested: token entry
(an amount of 8.000.000 u.a. will be entered in Chapter 100, with a corresponding appropriation for commitment of 20.000.000 u.a.).

The aerospace industry draws on many state-of-the-art technologies, with the result that the competitiveness of its products depends on major programmes of fundamental research and basic technology. This programme would make it possible to optimize the parameters of cost, profit and efficiency.

| Commitments | Payments | | |
|-------------|----------|------|------|
| | 1977 | 1978 | 1979 |
| 1977 - 20 | 8 | 8 | 4 |

m u.a.

ITEM 3711 GRANTS TO THE AEROSPACE INDUSTRY

[New operation]

1. Legal basis and description of the operation

(a) Legal basis

Proposal being prepared.

(b) Description of the operation

Joint financing of an aircraft optimization programme based on criteria of economy and aiming at the reduction of nuisances; this scheme is to replace the national systems of financing, research and development (including production tooling) in connection with programmes for large civil transport aircraft.

2. Type and breakdown of expenditure

Several methods of financing have been recommended, in particular:

- loans on special terms;
- guarantees by the Member States;
- interest subsidies;
- loans of the same type as the Community loans for the financing of nuclear power stations.

3. Method of calculation

1977 Sum requested: token entry (although an amount of 8.000.000 u.a. will be entered in Chapter 100, with corresponding appropriations (or commitment of 16.000.000 u.a.)),

The European aerospace industry merits an operation of this kind as it has now reached a point where the keen competition from the American industry is compelling a growing number of European enterprises to realize the need for closer cooperation; failing this, the main European manufacturers will seek partners outside the Community, particularly in the United States. At the moment, it is not possible to determine the amount that will be required.

m u.a.

| Commitments | Payments | | |
|-------------|----------|------|------|
| | 1977 | 1978 | 1979 |
| 1977 = 16 | 8 | 5 | 3 |

ARTICLE 372 SECTORAL RESEARCH OPERATIONS

ITEM 3720 OPERATIONS IN THE TEXTILE SECTOR

1. Legal basis and description of the operation

(a) Legal basis

Council Resolution of 14 January 1974 relating to an initial action programme of the European Communities in the field of science and technology (OJ C 716 of 29 January 1974).

Council Decision of 14 April 1975 on a programme of research projects in the textile sector (OJ L 111 of 30 April 1975).

(b) Description of the operation

The aim is to promote research and the application of technological progress in the textile sector by three research projects:

- thermal treatment of chemical fibres - optimization of manufacturing processes;
- textile processing in organic solvent media - reduction of water pollution and energy consumption;
- fire-proofing of textile fibres by radiation grafting - consumer protection by improving the fire-resistant properties of textiles.

2. Type and breakdown of expenditure

(a) Type

The projects are being carried out under contract.

(b) Breakdown

The appropriations for the implementation of this multiannual programme (1975-77) are allocated as follows:

- Project No 1

Thermal treatment of chemical fibres 100.000 u.a.

- Project No 2

Treatment of textiles in organic solvent media 100.000 u.a.

- Project No 3

Fire-proofing of textile fibres by radiation grafting 50.000 u.a.

3. Method of calculation and explanation

(a) Method of calculation

- The projects have been evaluated on the basis of data supplied by the Coordination Committee for the Textile Industries in the EEC (COMITEXTIL), and the Commission's share of the total cost of the research (750.000 u.a.) is only 33.33% (250.000 u.a.).

(b) Explanation of changes

- 1975 Commitments: 70.000 u.a.
- 1976 Appropriations: 90.000 u.a.
- 1977 Sum requested: 90.000 u.a.
- The appropriations requested are needed for the full implementation of these projects which have been entered in a three-year programme package.

[New operation]

ITEM 3721 OPERATIONS IN THE FOOTWEAR SECTOR

1. Legal basis and description of the operation

(a) Legal basis

EEC Treaty (Article 235)

(b) Description of the operation

The purpose of this operation is to enable joint research to be carried out with a view to adapting the production techniques of this sector to the latest technological advances, to more exacting consumer requirements, and above all to the exigencies of international competition.

The industry is one that satisfies an essential human need, but for a number of reasons it is caught up in economic difficulties which have to be taken very seriously. Today the Community is faced with a dilemma - whether to keep alive a footwear industry that still has plenty of vitality and a high technological standard on the international level, or resign ourselves to its gradual disappearance from the Community to the advantage of other countries or other continents. The decline of the footwear industry would create serious problems for the Community's supply policy and its social and regional policies, and there is no reasonable alternative for the Community but to keep it alive.

2. Type of expenditure

These appropriations, which represent the Community's participation in the projects, are allocated as follows:

- Rational utilization of the material forming the upper:
economic use of raw materials, flexibility of production to meet consumer requirements, improvement of factory premises, basic technological research on the development of new machines and recycling equipment.
- Rationalization of the manufacture of the upper:
adaptation of the techniques used in the production of the upper to the new trends in shoe manufacture with a view to increasing productivity, cutting costs and improving working conditions. Preliminary work on the development of new numerically-controlled machine tools.

3. Method of calculation and explanation of changes

(a) Method of calculation

Lump-sum Community participation representing about 46,5% of the total cost (505.000 u.a.).

(b) Explanation of changes

| m u.a. | | | |
|--------------|----------|-------|-------|
| Commitments | Payments | | |
| | 1977 | 1978 | 1979 |
| 1977 : 0,235 | 0,090 | 0,080 | 0,065 |

The current difficulties in the footwear sector can be overcome only by carrying through a series of radical innovations on the manufacturing side; the technological research covered by this programme is intended to pave the way for these changes. From the results of this research it will be possible to evolve the new equipment and manufacturing processes which are essential if this sector is to operate on profitable and competitive lines in a highly industrialized Europe.

ARTICLE 373 FINANCIAL OPERATIONS IN TRANSPORT INFRASTRUCTURE PROJECTS

1. Legal basis

- EEC Treaty (Articles 74 et seq.);
- Communication to the Council of 24 October 1973 (Doc. COM 73/1725 final) on the development of the common transport policy;
- Proposal for a Regulation now in preparation.

2. Type of expenditure

Programme of Community financial support, particularly through the granting of subsidies or interest rebates, in respect of one or more transport infrastructure projects of European importance.

3. Method of calculation

This operation will contribute to the gradual implementation of a Community transport system of a nature to meet the requirements of the economic union and of society at the least public cost. Under this operation, projects will be carried out which, although of Community interest, would not be implemented without financial intervention by the State or responsible authority. The support may be based on a percentage of the investment cost declared by the recipient of the aid.

Explanation

Some transport infrastructure projects, while of national interest to a particular Member State of the Community, are not of such priority importance that they will be implemented as a result of this solely national aspect. But it is precisely in this sector that several projects in preparation are of such interest to the whole Community that their implementation is not merely justified but is of prime importance.

Using this as its point of departure, the Commission is currently studying the various types of Community intervention contemplated. More time will probably be needed to implement the basic regulation and prepare well-defined projects, so that it is impossible at this stage to estimate the exact financial consequences. [New operation]

ARTICLE 374 TECHNICAL REGULATIONS GOVERNING THE MANUFACTURE OF CARS

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 28 May 1969 on the adaptation to technical progress of directives aimed at removing technical barriers to trade
- Council Directive of 6 February 1960 on the type approval of motor vehicles.

(b) Description of the operation

Measures to harmonize the various national rules are planned as part of the general programme for the removal of barriers to trade, the industrial policy and the different directives on the safety of motor vehicles. When EEC type approval for cars has been granted, provision will have to be made for the continuous adaptation of such rules to technical progress and for the introduction of new rules, where necessary.

In order to avoid the duplication and waste of resources involved by different governments simultaneously carrying out research and experiments, it is essential that the work in progress in this field be coordinated from the outset. It is proposed therefore to conduct a series of surveys and tests aimed at providing objective scientific bases for Community activities.

The following three major topics are envisaged:

- (1) Biomechanics - this comprises surveys of knowledge already acquired by Member States, tests relating to the medical aspect of road accidents and the definition - based on analyses of actual accidents - of test dummies to be used to simulate the responses of the human body.
- (2) Accident analyses - this involves analysis of the victims, types of accident and the behaviour of vehicles prior to and during accidents, as well as the movement of occupants of the vehicle.
- (3) Vehicle structure - this consists of impact experiments and tests, and is intended to provide information about the structure and relationship between vehicles and pedestrians and cyclists, and to produce the best design for the front section of vehicles.

2. Type of expenditure

It is to consist of a Community contribution to the costs in respect of surveys, tests and studies carried out under contract.

3. Method of calculation and breakdown of the expenditure

(a) Method of calculation

The Community's financial contribution will depend on the type of establishment chosen and the subject to be studied. It is expected to be bigger in the case of tests carried out by government laboratories than of those by private laboratories.

The Community's financial assistance towards the total cost of the projects may be estimated broadly at 35% for biomechanics, 20% for accident analysis and 45% for vehicle structures.

(b) Breakdown of the expenditure

1977 Sum requested: token entry.

Since no proposal has been submitted to the Commission on this subject and in view of the period of time required for implementing such action, a request is made only for the creation of a "token entry" without appropriations.

CHAPTER 39 OTHER EXPENDITURE ON SPECIFIC PROJECTS
UNDERTAKEN BY THE INSTITUTION

ARTICLE 390 RESEARCH PROJECTS IN THE FIELD OF TECHNOLOGY

1. Legal basis and description of the operation

(a) Legal basis

Council Resolution of 17 December 1973 on industrial policy.

(b) Description of the operation

Technological research projects to be determined later.

ARTICLE 391 ACTION PROGRAMME RELATING TO SCIENTIFIC AND TECHNOLOGICAL
POLICY

ITEM 3910 PREPARATION OF NEW RESEARCH PROGRAMMES

1. Legal basis and description of the operation

(a) Legal basis

Council Resolutions of 14 January 1974 (OJ C 7 of 29 January 1974) encouraging the development of a common policy in the science and technology sector.

(b) Description of the operation

Preparation of new research programmes

Under the action programme approved by the Council on 14 January 1974 whose purpose is the preparation and implementation of a common policy on scientific research and technological development, the object is to frame a number of proposals for practical projects in support of the Communities' sectoral policies or as public service operations; the aim is also to ensure the continuous coordination of national research and development activities.

The 1977 projects are in the following sectors:

I. Preparation of proposals for practical projects

- medical research;
- measuring and control methods in high-pressure gas meters;
- social research;
- scientific cooperation with the developing countries;
- the European Year of Science in Society;
- training in computer science
- fundamental and applied biology.

II. Coordination of national activities

- coordination of national energy programmes;
- coordination of Community energy R&D activities in the International Energy Agency (IEA) programmes;
- comparison of national science budgets.

III. Support for the activities of the European Research and Development Committee

IV. Raw materials

Determination of R&D projects relating to primary and secondary raw materials in support of a Community policy on the supply of raw materials.

V. Other activities

Meetings and consultation of experts to carry out these projects.

2. Type and breakdown of the expenditure

(a) Type

The expenditure covers studies conducted under contract.

(b) Breakdown of the expenditure

- | | |
|--------------------|--------------|
| - Raw materials | 550.000 u.a. |
| - Other programmes | 500.000 u.a. |

3. Method of calculation and explanation of changes

(a) Method of calculation

As expenditure varies from sector to sector, it is impossible to draw up a standardized method of calculation for all the sectors concerned. At all events, CREST and its sub-committees are consulted about the allocation of the appropriations to be committed in each of the sectors.

(b) Explanation of changes

- | | |
|-----------------------|----------------|
| - 1975 Payments | 599.917 u.a. |
| - 1976 Appropriations | 900.000 u.a. |
| - 1977 Sum requested | 1.050.000 u.a. |

These operations are required to complete the research projects already begun in 1974 and 1975 by carrying further in various areas the studies which the CREST Committee considers likely to be particularly fruitful. Special mention should be made in this connection of the studies to be conducted in the raw materials sector at the request of the CREST sub-committee responsible for this field. An initial examination of the situation in the Member States, which took into consideration the aims of national policy in the primary and secondary raw materials sector, revealed that the determination of Community R&D activities in this field should be based on the results of a number of technical and economic studies relating to this sector (cf. point 2(b) above).

ARTICLE 391 ACTION PROGRAMME RELATING TO SCIENTIFIC AND TECHNOLOGICAL POLICY

ITEM 3911 IMPLEMENTATION OF CONCERTED OPERATIONS

1. Legal basis and description of the operation

(a) Legal basis

Council Resolution of 14 January 1974 (OJ C 7 of 29 January 1974) encouraging the development of a common policy in the science and technology sector.

(b) Description of the operation

Under the action programme approved by the Council on 14 January 1974 and following the work already carried out by the Working Party on Scientific and Technical Research Policy before 1974 and continued under the auspices of CREST, it has become necessary to establish Community cooperation in certain research sectors by using the whole range of available ways and means. This cooperation should ensure maximum efficiency by arriving at a satisfactory allocation of the work to be performed among the laboratories and research institutes of the Member States, and will be put into effect by means of concerted operations of Community interest which, as regards the Communities' Budget, will involve expenditure on coordination alone.

Four concerted operations are contemplated in the following sectors:

1. Continuation of COST projects 61 a, 64 b and 68 and the physical and chemical treatment of liquid effluent.
2. Town-planning.
3. Materials for the chemical industry.
4. Oceanographic and meteorological network.

2. Type of expenditure

As the operation relates to the coordination of research, the expenditure covers administrative costs.

3. Method of calculation and explanation of the appropriation

(a) Method of calculation

As expenditure varies from sector to sector, it is impossible to draw up a standardized method of calculation for all the sectors concerned. At all events, CREST and its sub-committees are consulted about the allocation of the appropriations to be committed in each of the sectors.

(b) Explanation of the appropriation

1977 Appropriations requested

600.000 u.a.

Concerted action programmes - the approach considered most appropriate by the CREST specialist groups - will make the best use of research capacities in the Community and obviate much duplication and waste of effort.

ARTICLE 392 EDUCATIONAL MEASURES
ITEM 3920 IMPLEMENTATION OF THE EDUCATION PROGRAMME

The former Article 392 has been subdivided into two parts:

- Item 3920 Implementation of the Education programme
- Item 3921 Preparation of young people for their working career

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 21 January 1974 on a social action programme for the period 1974-76 with priority for the problems of training and educating the children of migrant workers (OJ No C 13, 12 February 1974);
- Resolution of the Ministers of Education, meeting within the Council, of 6 June 1974 on cooperation in the field of education (OJ No C 98, 20 August 1974);
- Resolution of the Ministers of Education, meeting within the Council, of 9 February 1976 comprising an action programme in the field of education (OJ No C 38, 19 February 1976) and more specifically on an action programme for migrant workers and members of their families (OJ No C 34, 14 February 1976).

(b) Description of the operation

The action programme as defined involves a series of operations in various sectors:

- better facilities for the education and training of nationals and the children of nationals of other Member States of the Communities and of non-member countries,
- promotion of closer relations between educational systems in Europe,
- compilation of up-to-date documentation and statistics on education,
- cooperation between institutions of higher education,
- teaching of foreign languages.

2. Type of expenditure

These operations are conducted under contract.

3. Method of calculation and explanation of changes

(a) Method of calculation

As expenditure varies from sector to sector, it is impossible to draw up a standardized method of calculation for all the sectors concerned. At all events, the Education Committee is consulted about the allocation of the appropriations to be committed in each of the sectors.

- | | |
|-----------------------|--------------|
| - 1975 Payments | - |
| - 1976 Appropriations | 600.000 u.a. |
| - 1977 Sum requested | 750.000 u.a. |

(b) Explanation of the changes

The work conducted by the Education Committee has led to the conclusion that increased appropriations should be available for the 1977 financial year. The appropriations requested are needed to cover the second stage of the education programme.

ARTICLE 392 EDUCATIONAL MEASURES

ITEM 3921 PREPARATION OF YOUNG PEOPLE FOR THEIR WORKING CAREER
(see preceding sheet for separation of the items)

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 21 January 1974 on a social action programme for the period 1974-76 with priority for the problems of training and educating the children of migrant workers (OJ No C 13, 12 February 1974);
- Resolution of the Ministers of Education, meeting within the Council, of 6 June 1974 on cooperation in the field of education (OJ No C 98, 20 August 1974).
- Resolution of the Ministers of Education, meeting within the Council, of 9 February 1976 comprising an action programme in the field of education (OJ No C 38, 19 February 1976) and more specifically on an action programme for migrant workers and members of their families (OJ No C 34 of 14 February 1976).

(b) Description of the operation

The aim of this programme is to achieve equality of opportunity with a view to full access to all forms of education:

- (a) by an exchange of views and experience on concepts and trends, to identify specific areas in which joint action might be undertaken:
 - the organization of nursery education and of its link with primary education as well as the organization of primary education itself in such a way as to give all children the opportunity of benefiting from access to secondary education, with special reference to the interests of underprivileged groups;
 - the organization of compulsory secondary education in such a way as to give all children the opportunity to develop their full potential; adoption of appropriate measures to help them succeed in this, due consideration being given to their personal aspirations and abilities and their vocational opportunities.
- (b) by the measures to be taken in the field of education to prepare young people for work, to facilitate their transition from school to work and to increase their chances of finding employment, thereby reducing the risks of unemployment;
- (c) by the provision, in the context of continuous education and training, of further education to enable young workers and young unemployed persons to improve their chances of finding employment.

2. Type and breakdown of the expenditure

(a) Type

These operations are conducted under contract.

(b) Breakdown

The appropriations needed to implement this programme may be broken down as follows:

- the organization of nursery schools
and compulsory secondary education 50.000 u.a.
- the preparation of young people for
work by facilitating their transition
from school to work 150.000 u.a.
- the provision of further education by
continuous training 50.000 u.a.
250.000 u.a.

3. Method of calculation and explanation of changes

(a) Method of calculation

As expenditure varies from sector to sector, it is impossible to draw up a standardized method of calculation for all the sectors concerned. At all events, the Education Committee is consulted about the allocation of the appropriations to be committed in each of the sectors.

(b) Explanation of changes

- 1977 Appropriations: 250.000 u.a.

The appropriations requested are needed for the implementation of the operations planned in this sector.

It should be remembered that the European Social Fund covers specific operations on behalf of young people who are already unemployed or are seeking employment. The operations under this project, on the other hand, are intended for young people who are still undergoing full-time education. [New operation]

ARTICLE 393 EXPENDITURE ON CULTURAL PROJECTS

1. Legal basis and description of the operation

(a) Legal basis

- Resolution of the European Parliament of 13 May 1974 on the protection of the Community architectural heritage and measures in respect of culture (OJ No C 62 of 30 May 1974)
- Resolution of 8 March 1976 (EP 43.584/final).

(b) Description of the operation

In accordance with the recommendations of the European Parliament, the Commission has recommended the implementation of two special projects which the latter regards as having priority in the context of all the measures to be taken.

The priority projects are the following:

- cultural preparation for European union by promoting exchanges of cultural exhibitions, events and entertainment;
- protection of the architectural heritage by the use of nuclear preservation techniques and the expansion of the training of specialists in the restoration of monuments and sites.

2. Type of expenditure

The projects are to be carried out on contract and with the assistance of scholarships.

3. Method of calculation

(1) Protection of the architectural heritage

- (a) Scholarships to be awarded to nationals of the Nine for the training of restorers of monuments in institutes situated on the territory of the Community; the amount of such scholarships to be that normally awarded in such institutes.

6 scholarships to the Preservation Department of the College of Europe in Bruges (6 x 2.000 u.a.) = 12.000 u.a.

6 scholarships to the European Art Centre in Venice (6 x 2.400 u.a.) = 14.400 u.a.

6 scholarships to the University of Rome (Course on architectural preservation) (6 x 2.400 u.a.) = 14.400 u.a.

18 scholarships 40.800 u.a.

- (b) Project on an expense-sharing basis in the Centre for Nuclear Studies in Grenoble.

The "Nucleart Project" being carried out in the Centre is a pilot scheme, unique in the world, in connection with the preservation of marble, wood and stone by means of nuclear irradiation. It comprises three engineers and two technicians. The Community could support the recruitment of one further engineer by paying for half of the salary and administrative expenditure, i.e. 30.000 u.a.

(2) Promotion of cultural exchanges in preparation for European union

Certain existing cultural events could be exploited in order to discover how the European dimension in culture is being experienced by artists and accepted by the public:

- every two years, for a month, "Europalia" offers to the international public residing in Brussels a festival devoted to one of the Community countries;
- the "Brest European Seasons", operating since 1974, constitute a pilot scheme which should help in the preparation of methods of introducing the European dimension in culture more effectively in average-sized towns in other regions of the Community.

The cost of the survey and analysis preceding the preparation of a certain type of procedure may be estimated at 15.000 u.a. for each operation.

15.000 u.a. x 2 = 30.000 u.a.
i.e., a total of: 1(a) = 40.800 u.a.
1(b) = 30.000 u.a.
2 = 30.000 u.a.

100.800 u.a.

rounded off to 100.000 u.a.

ARTICLE 394 TECHNICAL ASSESSMENT IN SUPPORT OF THE COMMISSION'S ACTIVITIES

1. Legal basis and description of the operation

(a) Legal basis

Proposal for a four-year programme as from 1 January 1977 on the activities of the Joint Research Centre (JRC) (direct research and investment project) which has been submitted to the Council.

(b) Description of the operation

Technical assessments carried out by the JRC at the request of other Commission departments in sectors such as energy, raw materials and resources, environment and data processing.

2. Type of expenditure

Technical studies carried out by the JRC and charged to the Directorates-General and departments concerned.

3. Method of calculation and explanation of changes

(a) Method of calculation

The total expenditure of 875.000 u.a. estimated for 1977 includes:

- expenditure for twenty staff members (thirteen men in research and seven other staff),
- expenditure relating to the utilization of infrastructure and scientific and technical support for Ispra,
- expenditure on certain specific projects.

(b) Explanation of changes

- | | |
|------------------------|--------------|
| - 1975 Payments: | 550.000 u.a. |
| - 1976 Appropriations: | 720.000 u.a. |
| - 1977 Sum requested: | 875.000 u.a. |

The increase in relation to the appropriations authorized for 1976 is due in particular to the rise in staff costs and in the costs arising out of the administrative and technical operation of the Ispra Foundation, and to the increase in the volume of scientific and technical services provided.

**TITLE 4 REPAYMENTS AND AID TO MEMBER STATES AND
MISCELLANEOUS AID**

Historical Archives of the European Commission

CHAPTER 40 FLAT-RATE REIMBURSEMENT OF COSTS INCURRED BY MEMBER STATES IN THE COLLECTION OF OWN RESOURCES

1. Legal basis and description of the operation

(a) Legal basis

- Decision No 70/243 (ECSC, EEC, EURATOM) of 2 April 1970.
- Council Regulation (EEC, ECSC, EURATOM) No 2/71 of 2 January 1971.

(b) Description of the operation

The Decision of 21 April 1970 provides, by way of flat-rate reimbursement of collection expenses, for the refunding to the Member States of 10% of sums paid over pursuant to Articles 1 to 3 of that Decision.

2. Type

Within 30 days the Commission transfers to the treasuries of the Member States 10% of the own resources paid over by each of them.

3. Method of calculation and explanation of changes

(a) Method of calculation

10%

(b) Explanation of changes

The amount of these appropriations is therefore proportional to the forward estimate of own resources; the 1977 breakdown by Member States is as follows:

| | <u>Million u.a.</u> |
|----------------|---------------------|
| Belgium | 35.800 |
| Denmark | 10.120 |
| Germany | 120.500 |
| France | 71.700 |
| Ireland | 5.580 |
| Italy | 70.000 |
| Luxembourg | 400 |
| Netherlands | 54.800 |
| United Kingdom | <u>176.806</u> |
| | <u>545.707</u> |

CHAPTER 41 APPLICATION OF THE CORRECTING MECHANISM

1. Legal basis and description of the operation

(a) Legal basis

- Decision of Heads of Government, Paris, 10 December 1974 and Dublin, 10 and 11 March 1975.
- A proposal for a Council Regulation is now before that body, being Item A on the agenda for the Council session of 17 May.

(b) Description of the operation

During the process of bringing the Member States' economies into closer alignment, there is provision for an allocation from the Budget of the Communities to aid Member States whose economies might - in contributing to the financing of the Community Budget - be subject to a burden not in keeping with their specific situation.

2. Type

Subject to the conditions set out in paragraph 3(a) below the Community makes a non-refundable allocation to the treasuries of the Member States concerned.

3. Method of calculation and explanation of changes

(a) Method of calculation

The draft regulation lays down the following conditions and ceilings:

CONDITIONS

- I. Per-capita GNP less than 85% of the Community average;
- II. Per-capita GNP growth rate, in real terms, less than 120% of the Community average rate;
- III. Have paid for the overall financing of the Community's Budget a sum exceeding 10% of what would have been paid if financing had been on the basis of GNP.

Method of calculating allocations

The excess referred to in III above is refunded in the following proportions:

| | | |
|---------------------------|--------|------|
| The portion from 1% | to 5% | Nil |
| The portion from 5.0001% | to 10% | 50% |
| The portion from 10.0001% | to 15% | 60% |
| The portion from 15.0001% | to 20% | 70% |
| The portion from 20.0001% | to 25% | 80% |
| The portion from 25.0001% | to 30% | 90% |
| Above | 30% | 100% |

Ceilings

The allocation thus calculated shall not exceed:

- (i) the amount of net currency transfers from the Member State in question (in connection with implementation of the Budget);
 - (ii) the amount of payments in respect of VAT or made pursuant to Article 4(2) and (3) of the Decision of 21 April 1970;
 - (iii) 3% of the total of the expenditure chargeable to the financial year under Article 17 of Council Regulation No 2/71.
- (b) Explanation of changes

Foreseeable appropriations for 1977 derive from an analysis of the situation which may arise in 1976.

Analysis at the present time shows that although certain Member States may meet the conditions in 1976 (see 3 I, II and III) the effect of the ceilings is to reduce the resulting allocations to nil. No appropriations are provided for the financial year 1977.

CHAPTER 42 COMMUNITY LOANS

1. Legal basis and description of the operation

(a) Legal basis

Article 235 of the EEC Treaty, basic Council Regulation No 397/75, 17 February 1973 concerning Community loans, and implementing Regulation No 398/75 of the Council, of 17 February 1975.

Council Decisions of 15 March 1976 concerning a Community loan to Italy and Ireland.

(b) Description of the operation

The rising prices of petroleum products has led to considerable movements of international capital and, particularly in some Member States, to balance of payments' deficits which may compromise the proper operation of the Common Market.

To remedy this situation, the Community is authorized, on the initiative of one or more Member States and within the limit of the amount fixed by the regulations, to borrow funds to place, under the same terms, at the disposal of the applying Member States experiencing the abovementioned difficulties.

These loans are subject to economic policy conditions put forward by the Council and accepted by the beneficiary Member State in order to redress its balance of payments.

2. Type of expenditure

Linked borrowing and lending operations which in principle represent no capital and interest costs for the Communities' Budget because the costs incurred by the Community in concluding and carrying out each operation are borne by the beneficiary Member States and because the Member States have also devised a guarantee mechanism to be applied should one of the beneficiaries not be able to meet a deadline.

In view of the special nature of these operations, inclusion in the Budget is shown by the creation of a budget heading with a token entry.

3. Method of calculation

The basic Council Decision of 17 February 1975 fixed the ceiling for these loans at the equivalent in u.a. of 3.000 million US dollars in principal and interest.

At the request of Italy and Ireland, the Community contracted loans totalling 300 million US dollars. Of the yield from each borrowing operation it relents 10/13 to Italy and 3/13 to Ireland, i.e., 1.000 million US dollars and 300 million US dollars respectively.

CHAPTER 47

EXPENDITURE ARISING FROM THE APPLICATION OF DIFFERENT
EXCHANGE RATES

1. Legal basis and description of the operation

To deal with problems created by the fluctuation of the exchange rates of certain Community currencies, it was decided, on 1 February 1973 in respect of the pound sterling, the Danish crown and the Irish pound, on 1 November 1973 in respect of the Italian lira, on 17 September 1973 in respect of the Dutch florin, on 3 March 1975 in respect of the French, Belgian and Luxembourg franc and the Deutsche mark, that prices in u.a. which applied in the framework of the common agricultural policy should be converted according to representative rates, which are close to those which would result from the exchange rates actually applied on the market.

However, for allocation to accounts the expenditure declared by the Member States in national currencies is converted according to the budget rate.

The use of different exchange rates gives rise on an overall basis to supplementary expenditure, which it is proposed should be entered in the accounts under a specific budget heading; this expenditure was heretofore included under EAGGF "Guarantee" expenditure, in each of the budget headings of Titles 6 and 7.

The most recent rates fixed are as follows:

| Member States | Budget rate | Representative rate | | Dual rate coef- ficient |
|------------------------|-------------------|---------------------|--------------------------|----------------------------|
| | | | Date of applica- tion | |
| FRG | 1 u.a. = 3,66 | 1 u.a. = 3,48084 | 15.3.1976 | - 4,9% |
| Belgium/ Luxembourg | 1 u.a. = 50 | 1 u.a. = 49,34860 | 15.3.1976 | - 1,3% |
| Netherlands | 1 u.a. = 3,62 | 1 u.a. = 3,4027 | 15.3.1976 | - 6% |
| DK | 1 u.a. = 7,5 | 1 u.a. = 7,57828 | 15.3.1976 | + 1,043% |
| France | 1 u.a. = 5,55419 | 1 u.a. = 5,63317 | 24.3.1976 | + 1,42199% |
| UK | 1 u.a. = 0,416667 | 1 u.a. = 0,56961 | 15.3.1976 | + 36,705% |
| Irl | 1 u.a. = 0,416667 | 1 u.a. = 0,58944 | 15.3.1976 | + 41,46% |
| Italy | 1 u.a. = 625 | 1 u.a. = 963 | 28.4.1976 | + 54,08% |

The application of the unit of account basket in the Community budget as from 1978 will have the effect of considerably reducing this expenditure which is mainly for accounting purposes.

In September 1975 the expenditure under the dual rate coefficient was estimated at approximately 320 million u.a. for the 1976 budget. It was provisionally estimated at 550 million u.a. for 1977 assuming the Council extends the measure decided on 29 April 1976 to 1977 (payment by the exporting countries of the compensatory amounts granted upon import).

CHAPTER 48 DIFFERENCES IN EXCHANGE RATES

1. Legal basis

Appropriations necessary for the Commission to operate.

2. Type of expenditure

The appropriation is intended to cover losses on exchange incurred by the Commission - in the framework of the execution of all the financial operations entailed by the Budget - to the extent that they are not compensated for by profits on exchange.

3. Method of calculation

No appropriations have been allocated to this item at the outset, i.e., at the time when the Budget is drawn up, pursuant to the principle of Article 22 of the Financial Regulation (which provides for the adjustment between profits and losses on exchange rates). If the losses exceed the profits, this item must be funded by means of transfers, in accordance with the likely scale of the losses.

NB. This chapter has been created in the framework of the 1977 preliminary draft budget, replacing the former Item 2321. This expenditure is not administrative expenditure, since it reflects the consequences of the total financial implementation of the budget.

CHAPTER 49 EXPENDITURE ON THE EUROPEAN EXPORT BANK (EEB)

ARTICLE 490. CONTRIBUTION TO STARTING CAPITAL OF THE EUROPEAN EXPORT BANK (EEB)

1. Legal basis and description of the operation

(a) Legal basis

Articles 113 and 235 of the EEC Treaty;

Proposal for a Council Regulation (EEC) setting up a European Export Bank¹

(b) Description of the operation

The purpose of the Bank is to facilitate exports of goods and services by undertakings in two or more Member States to non-member States when transactions of common European interest are involved.

The Bank may provide assistance by financing or credit insurance, where appropriate in cooperation with credit insurance bodies of the Member States.

The 100 m u.a. entered in the budget would provide the essential basis enabling the European Export Bank to launch its borrowing transactions on the international and national capital markets.

2. Type

Flat-rate contribution to the starting capital of the EEB.

¹Doc. COM(76)28 final of 17 February 1976.

New operation

ARTICLE 491 EEC GUARANTEE FOR EUROPEAN EXPORT BANK BORROWINGS

1. Legal basis and description of the operation

(a) Legal basis

Same basis as for Article 490.

(b) Description of the operation

Article 6 of the aforementioned proposal for a Council Regulation states that "the Bank's borrowings shall be guaranteed by the Community up to a maximum amount fixed annually by the Budget in a special subdivision".

2. Type

In view of the progress made on this matter, it is not intended to set a maximum sum beginning with the 1977 financial year. A token entry should therefore be made under this heading.

New operation

ARTICLE 492 SUBSIDY FOR BALANCING THE BUDGET GRANTED TO THE EUROPEAN EXPORT BANK

1. Legal basis and description of the operation

(a) Legal basis

Same basis as for Article 490.

(b) Description of the operation

The appropriations shown under this heading are intended to cover expenditure in establishing the European Export Bank.

2. Type and breakdown of the expenditure

At the present stage it is impossible to evaluate and discuss the expense involved in setting-up and establishing the European Export Bank. A token entry should therefore be made under this heading.

ARTICLE 493 INTEREST SUBSIDY GRANTS ON LOANS MADE BY THE EUROPEAN EXPORT BANK

1. Legal basis and description of the operation

(a) Legal basis

Same basis as for Article 490.

(b) Description of the operation

Heading intended to provide cover for possible interest subsidy grants on loans made by the European Export Bank.

2. Type and breakdown of the expenditure

At the present stage it is impossible to propose a specific sum to be shown in the 1977 budget under the heading of interest subsidy grants on ~~EEB~~ loans. A token entry should therefore be made under this heading.

TITLE 5 SOCIAL AND REGIONAL FUNDS

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CHAPTERS 50 and 51 NEW SOCIAL FUND

CHAPTER 52 PILOT SCHEMES AND PREPARATORY STUDIES

1. Legal basis and description of the operation

(a) Legal basis

Chapter 50 - New Social Fund - expenditure provided for under
Article 4 of the Council Decision of 1 February 1971

Article 500 - Aid to the agricultural and textile sectors

Council Decision of 19 December 1972 on assistance from the European Social Fund for persons leaving agriculture to pursue non-agricultural activities (OJ No L 291 of 28 December 1972, page 158)

Council Decision of 9 February 1976 on intervention by the European Social Fund in favour of person occupied in the textile and clothing industries (OJ No L 39 of 14 February 1976, page 39)

Article 501 - Aid to young people

Council Decision of 22 July 1975 on intervention by the European Social Fund in favour of persons affected by employment difficulties (OJ No L 199 of 30 August 1975, page 36)

Article 502 - Aid to handicapped persons

Council Decision of 27 June 1974 on action by the European Social Fund for handicapped persons (OJ No L 185 of 9 July 1974, page 22)

Article 503 - Aid to migrant workers

Council Decision of 27 June 1974 on action by the European Social Fund for migrant workers (OJ No L 185 of 9 July 1974, page 20)

Chapter 51 - New Social Fund expenditure under Article 5 of the
Council Decision of 1 February 1971

Article 510 - Aid to improve the employment situation in certain
regions, economic sectors or groups of companies

Council Regulation (EEC) No 2396/71 of 8 November 1971, particularly Article 1(1)(2) (OJ No L 249 of 10 November 1971).

Article 512 - Measures to help handicapped persons not eligible
to receive aid under Article 4

Council Regulation (EEC) No 2396/71 of 8 November 1971 and in particular Article 1(3) thereof.

Chapter 52 - Social Fund - Pilot schemes and preparatory studies

Article 520 - Social Fund - Pilot schemes and preparatory studies

Article 7 of Council Regulation (EEC) No 2396/71 of 8 November 1971

(b) Description of the operation

A. SCOPE

1. Chapter 50 (Article 4 of the Decision of 1 February 1971)

Interventions in fields, to be designated by Council Decision, where the employment situation:

- (a) is affected, or is likely to become affected, as a direct result of Community policies;

Article 500 { farmers (CAP)
textile and clothing (commercial policy)

Article 503 migrant workers (free movement of labour)

- (b) shows up the need for a specific joint operation:

Article 501 young people without employment or looking for their first job

Article 502 handicapped persons: specific operations aimed at facilitating their employment and their geographical and occupational mobility

2. Chapter 51 (Article 5 of the Decision of 1 February 1971)

Article 510: Measures to alleviate employment difficulties in certain underdeveloped or declining regions, as well as the difficulties resulting from the adaptation to technical progress of certain branches of industry or from the discontinuation, run-down or transformation of activities in certain groups of companies.

Article 511: Measures to help handicapped persons capable of performing a vocational activity after functional rehabilitation and vocational training or retraining.

B. METHODS OF INTERVENTION

Within the limits of its budget allocation, the Social Fund assumes 50% of the actual expenditure committed by public or private investors to training programmes to which the Commission has given prior approval for ESF aid on the advice of the Fund Committee.

Expenses eligible for refunding by the Fund are:

A1 aid for the preparation, functioning and administration of training courses, including the training of staff (wages of teachers, renting of premises and equipment)

A2 aid to facilitate participation in courses (wages, accommodation, food, transportation and educational material for participants)

B1 aid linked to geographical mobility in connection with retraining (travel, recruitment, resettlement expenses)

B2 aid for fitting workers into a new social and vocational environment (reception services, teaching, etc.)

C1 aid for eliminating obstacles to the performance of certain jobs by handicapped workers (adaptation of working-places, vocational rehabilitation and wages of elderly workers being retrained)

In conformity with Council Regulation No 2397/71 of 8 November 1971, which defines the types of aid, there is a ceiling on certain forms of aid of types A, B and C.

2. Type and breakdown of expenditure

(a) Type

Subsidy consisting of reimbursement of 50% of the expenditure actually incurred.

(b) Breakdown of expenditure

| | APPROP- RIATIONS 1976 | APPROPRIATIONS FOR COMMITMENT | |
|---|-----------------------------|----------------------------------|-------|
| | | 1976 ¹ | 1977 |
| CHAPTER 50 Article 4 operations | 170,0 | 213,0 | 285 |
| 500 agriculture/textile | 266,115 | 82,82 | 60 |
| 501 young people | 66,105 | 82,82 | 175 |
| 502 handicapped persons | 17,001 | 21,36 | 25 |
| 503 migrant workers | 20,779 | 26,06 | 25 |
| 504 anti-crisis | token entry | token entry | - |
| CHAPTER 51 Article 5 operations | 270,0 | 305,0 | 333 |
| 510 regions, technical progress and groups of companies | 241,071 | 272,32 | 300 |
| 511 handicapped persons | 28,929 | 32,68 | 33 |
| CHAPTER 52 Pilot schemes | 1,0 | 1,0 | 1,1 |
| TOTAL | 441,0 | 519,0 | 619,1 |

¹ The method of determining the equivalent in appropriations for commitment for 1976 is explained in detail in the following section (3. method of calculation and explanation of changes).

² After the transfer of 28.325.000 u.a. on the basis of Article 504, decided by the Commission on 24 March 1976.

3. Method of calculation and explanation of changes

The calculation of the European Social Fund's appropriations for commitment and payment for 1977 is relatively complex, since it includes two distinct factors:

- the current transitional situation, including the winding-up of previous arrangements,
- the actual requirements of the 1977 financial year.

The appropriations for commitment and appropriations for payment are examined in turn:

APPROPRIATIONS FOR COMMITMENT

Unlike other budget appropriations, the Social Fund is subject to a specific budgetary system based on the existence of appropriations belonging to the current financial year and on the possibility of committing expenditure on appropriations from the two subsequent financial years. This possibility is created by entering in the remarks authorization by the Budgetary Authority for commitments.

Thus, in 1976, the Commission can approve requests for assistance up to the 440 million u.a. shown in the 1976 budget for training operations in 1976; but it can also decide on ESF aid for operations to be carried out in 1977 and 1978 up to 150 and 75 million u.a. respectively. The new system of appropriations for commitment makes it unnecessary to continue authorizations for commitment, since the Commission will be able to commit appropriations for operations to be carried out over a period of years and spread the corresponding appropriations for payment over several financial years in the light of the rate of implementation of these operations and the rate at which reimbursement requests are submitted.

To prevent the new system from bringing about a reduction in the money at the Fund's disposal, it is therefore vital to take as a basis for comparison the appropriations belonging to the 1976 financial year under the present system plus the authorizations for commitment made by the Budgetary Authority in 1976 for the 1977 and 1978 financial years.

At the same time, the fact must be taken into consideration that the appropriations belonging to the 1976 financial year are not entirely free, since they are encumbered with the commitments made in 1974 and 1975 under the authorizations for commitment for 1976 featured in the remarks of the budget for those two financial years. These sums must thus be deducted in order to evaluate the equivalent of the appropriations for commitment for 1976 which is really at the Commission's disposal for new projects. The basis for the evaluation is set out in the following table.

APPROPRIATIONS FOR COMMITMENT FOR 1976

in m u.a.

APPROPRIATIONS FOR THE 1976 FINANCIAL YEAR

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 170 |
| Chapter 51 (Article 5) | 270 |

Total 440

+ AUTHORIZATIONS FOR COMMITMENT
for 1977 and 1978 entered in
the remarks of the 1976 budget

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 90 |
| Chapter 51 (Article 5) | 135 |

+ Total 225

- COMMITMENTS MADE UNDER THE 1976 BUDGET
on authorizations for commitment
for 1976 entered in the remarks
of the 1974 and 1975 budgets

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 47 |
| Chapter 51 (Article 5) | 100 |

- Total 147

= EQUIVALENT OF THE 1976
APPROPRIATIONS FOR COMMITMENT

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 213 |
| Chapter 51 (Article 5) | 305 |

= Total 518

+ Chapter 52 Pilot schemes

+ 1

= Total 519

The difference of close to 100% between requests for aid and appropriations noted for 1976 and the structural employment problems which the current economic recovery will not solve have induced the Commission

- to increase by 100 million u.a. the level of appropriations for commitment for 1976,
- to lay the main stress on aid to young workers: from 82,8 million u.a. in 1976 to 172 million u.a. in 1977,
- to bring the appropriations under Articles 4 and 5 into better balance; these appropriations amount to 44,5% and 55,5% respectively of the total for 1977, as compared with 39% and 61% in 1976, and at the same time to hold down as far as possible the effect of inflation on Article 5 appropriations, the real volume of which is almost maintained by a 9% increase at current prices.

APPROPRIATIONS FOR COMMITMENT 1977

in m u.a.

EQUIVALENT OF THE APPROPRIATIONS
OF THE 1977 FINANCIAL YEAR (old system)

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 250 |
| Chapter 51 (Article 5) | 290 |

Total 540

+ EQUIVALENT OF THE AUTHORIZATIONS
FOR COMMITMENT for the 1978 and 1979
financial years which would have been
entered in the 1977 Budget

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 107 |
| Chapter 51 (Article 5) | 172 |

+ Total 279

- COMMITMENTS MADE UNDER THE 1977
BUDGET on authorizations for commitment
for 1977 entered in the remarks of the
1975 and 1976 budgets

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 72 |
| Chapter 51 (Article 5) | 129 |

- Total 201

= 1977 APPROPRIATIONS FOR COMMITMENT

| | |
|------------------------|-----|
| Chapter 50 (Article 4) | 285 |
| Chapter 51 (Article 5) | 333 |

= Total 618

+ Chapter 52 Pilot schemes

+ 1,1

= Total 619,1

| |
|----------------------------|
| APPROPRIATIONS FOR PAYMENT |
|----------------------------|

Appropriations for payment for 1977 were determined on the basis, firstly, of the payment requirements deriving from the appropriations for commitment for the 1977 financial year and, secondly, the need to provide for payments in respect of commitments entered into during earlier financial years but not yet paid out.

1. Appropriations for payment in respect of 1977 appropriations for commitment

In 1975 and 1976 the rate of payments in respect of the equivalent of appropriations for commitments of those financial years - 484 m u.a. and 519 m u.a. respectively - was as follows:

| | 1975 | 1976 | 1977 |
|----------------------------|-------|------|------|
| First year | 5,5% | 8% | 10% |
| Second year | 33 % | 44% | 50% |
| Third and subsequent years | 61,5% | 48% | 39% |
| Total | 100% | 100% | 100% |

These considerable delays in payment are the cumulative results of several factors:

- (1) The complexity of the system: once assistance from the Fund has been decided upon, instalments may be paid out up to a ceiling of 85% of the actual expenditure; the balance is paid by the Commission after the supporting documents have been checked. The basis of the system is therefore actual expenditure: from this there flows a need for a strict check extending over some 100 aid operations annually, each file sometimes comprising several hundreds of vouchers.
- (2) Accounting "shifts": repeated overestimating by the promoters necessitates adjustments involving the transfer to fresh projects of sums released by approved projects not carried out or only partially completed. Such "shifts" must be made before the end of the financial year to avoid cancellation of appropriations. What this implies, however, is that the Commission should be informed in due time of these overestimates, and this is not always possible.
- (3) Delay on the part of the promoters in submitting their applications for payment within time limits which will permit of the appropriations being used in the normal manner; this is a major cause of slippage in accounting procedures, and of the resulting cancellations of appropriations.
- (4) Shortage of administrative staff¹

¹ See in particular the letter of 19 February 1976 from the President of the Audit Board to Dr Hillery.

The Commission is keeping an extremely close watch on the situation and - insofar as Community rules and regulations permit - has taken a number of measures to speed up payments, pending the more fundamental changes which will be made possible by the revision of the Fund's operating rules, scheduled for 1977.

As a result, the rate of payments likely for 1977 appropriations for commitment can be raised, in step with the trend observed since 1976.

2. Appropriations for payment in respect of commitments from previous financial years

In view of the delays which built up in the past, total outstanding payments still to be made at 1 May 1976 against commitments entered into since 1 January 1974 amounted to 623 m u.a., equivalent to 72% of commitments. With a view to mitigating the considerable risk of cancellation affecting appropriations for the 1974 financial year, the Commission obtained the agreement of the Council on 24 November 1975 to arrangements derogating from the general Financial Regulation and extending for one year the period during which automatic carryovers are permitted. The institution of the new arrangements for appropriations for commitment/appropriations for payment will make it possible to dispense with such derogating arrangements for the 1975 and 1976 appropriations which would otherwise be automatically cancelled on 31 December 1976 and 31 December 1977 respectively. The Budgetary Authority need only fix the appropriations for payments affected by these cancellations insofar as the latter relate to commitments entered into and still in force. The table overleaf provides detailed forecasts of payments, cancellations and re-entries relating to 1975 and 1976 appropriations. The table below gives the details of forecast figures for payments, cancellations and re-entries in respect of 1975 and 1976 appropriations. From this it emerges that the re-entries necessary in terms of 1977 appropriations for payment amount to 104 m u.a. in respect of appropriations cancelled in 1975, whereas 1978 appropriations for payment will have to include a provision of 120 m u.a. covering that portion of the appropriations cancelled in 1976 which will require re-entering.

COVER FOR DEBTS RESULTING FROM COMMITMENTS AGAINST 1975 and 1976 APPROPRIATIONS

| | | Final figures | Commit- ments made | Payments made by end of finan- cial year | Appropriations carried over or to be carried over | Payments against appropria- tions carried forward (forecast) | Cancel- lations (forecasts) | Re-entries necessary for later payments | Final cancellations |
|--|---------|------------------|--------------------------|---|--|---|-----------------------------------|---|------------------------|
| FY 1975 appro- pria- tions | Chap.50 | 131,01 | 129,89 | 21,01 | 108,88 | 60 | 48 | 18 | 30 |
| | Chap.51 | 245 | 241,94 | 5,49 | 236,45 | 100 | 136 | 86 | 50 |
| | Chap.52 | - | - | - | - | | | | |
| | TOTAL | 376,01 | 371,83 | 26,5 | 345,33 | 160(in 1976) | 184,0 | 104 (in 1977) | 80 |
| FY 1976 appro- pria- tions | Chap.50 | 170 | (46,97) | -20 | 150 | 80 | 70 | 49,4 | 20,6 |
| | Chap.51 | 270 | (177,44) | 20 | 250 | 150 | 100 | 70,6 | 29,4 |
| | Chap.52 | 1 | (0,62) | 0,4 | 0,6 | 0,6 | - | - | - |
| | TOTAL | 441 | (225,03) | 40,4 | 400,6 | 230,6 (in 1977) | 170 | 120 (in 1978) | 50 |

3. Conspectus of appropriations for payment needed for 1977

A cumulative summary of the foregoing forecasts is set out below -

- (1) Appropriations for payment necessitated by 1977 commitments (11% in 1977, 50% in 1978 and 39% in 1979)
- (2) Appropriations for payment necessitated by 1975 and 1976 re-entries (104 and 120 m u.a. in 1977 and 1978 respectively)

| | 1977 approps. for commitment | 1977 appropriations for payment | | | 1978 appropriations for payment | | | 1979 appropriations for payment | |
|---|------------------------------------|---------------------------------------|------------------------|--------|---------------------------------------|------------------------|--------|---------------------------------------|------------------------|
| | | 1977 commit- ments | 1975 re- entries | TOTAL | 1977 commit- ments | 1976 re- entries | TOTAL | 1977 commit- ments | Possible re-entries |
| CHAPTER 50 | 275 | 30,5 | 18,0 | 48,5 | 137,5 | 49,4 | 186,9 | 107,0 | token entry |
| 500 agriculture/- textile | 53 | 6 | 7 | 13 | 26,5 | 20 | 46,5 | 20,5 | |
| 501 young people | 172 | 19 | 5 | 24 | 86 | 20 | 106 | 67 | |
| 502 the handicapped | 23 | 2,5 | 2,5 | 5 | 11,5 | 4,4 | 15,9 | 9 | |
| 503 migrants | 27 | 3,5 | 3,5 | 6,5 | 13,5 | 5 | 18,5 | 10,5 | |
| CHAPTER 51 | 343 | 37,5 | 86,0 | 123,5 | 171,5 | 70,6 | 242,1 | 134 | token entry |
| 510 regions, techni- cal progress and groups of firms | 310 | 34 | 76 | 110 | 155 | 63 | 218 | 121 | |
| 511 the handicapped | 33 | 3,5 | 10 | 13,5 | 16,5 | 7,6 | 24,1 | 13 | |
| CHAPTER 52 | | | | | | | | | |
| 520 pilot projects | 1,1 | 0,44 | - | 0,44 | 0,33 | - | 0,33 | 0,33 | token entry |
| TOTAL | 619,1 | 68,44 | 104,0 | 172,44 | 309,33 | 120,0 | 429,33 | 241,33 | |

4. PROBLEMS OF ASSESSING COMMITMENT AND PAYMENT REQUIREMENTS

APPROPRIATIONS FOR COMMITMENT

Unlike what was done in previous years, the Commission is not providing - as substantiation for its request for increased appropriations - any estimate of applications for aid expected in respect of the various budget headings. It is now apparent, after several years of operation of the Social Fund, that:

1. The Member States and private investors do not apply for aid on the basis of the priorities laid down by the Fund within headings Article 4 and Article 5, but according to the progress status of the application documents and the availability of eligible projects at the time when applications are sent in; as a result, though reference to total applications is meaningful with regard to the Fund as a whole, these applications vary in a comparatively erratic - and hence unforeseeable and non-significant - manner when they are broken down according to specific budget headings.
2. The investors overestimate, sometimes seriously, certain applications for aid which subsequently prove to relate to projects which are not carried out or are executed only in part. In this event the commitments are cancelled and the relevant sums are allotted to other projects, sometimes in different fields, provided that cancellation occurs in due time, i.e. before the end of the financial year; otherwise, the appropriations expire for good. Such accounting "shifts" have a not inconsiderable modifying effect on the pattern of expenditure by sector of the ESF within Chapters 50 (Article 4) and 51 (Article 5) up to the time of closure of the accounts, including carryovers.
3. The practices described in 1 and 2 above lead to the Commission's making a series of adjustments to the criteria for the selection of applications laid before the Committee of the Fund, insofar as changes in the submission of applications for aid and accounting "shifts" show a risk of the appropriations not being used.
4. These practices also prompt the Commission to propose to the budgetary authority that the internal structure of the budget of the ESF be adjusted to the changing pattern of applications, by means of transfers and carryovers.

In view of the foregoing, it is impossible to produce meaningful forecasts of applications for aid in respect of each budgetary heading. In these circumstances it would be impossible to overemphasize the approximate nature of the apportionment of appropriations by type of project.

APPROPRIATIONS FOR PAYMENT

The financial procedures of the Social Fund appear to be rather complex in the light of inadequate control that the Fund has over its objectives and its resources. The efforts which have certainly been made in 1976 to speed up the rate at which payments are made, despite the major increase in total sum of payments, have not produced sufficient progress. Revision of the operating rules of the Social Fund is required in order to make good the serious deficiencies in financial procedures. The revision in question will provide solutions, but not yet. The backlog from the past - 623 m u.a. of outstanding payments at 1 May 1976 - may from the outset encumber the scope of the reforms unless an exceptional effort is made now.

Historical Archives of the European Communities

CHAPTER 55 EUROPEAN REGIONAL DEVELOPMENT FUND
ARTICLE 550

1. Legal basis and description of the operation

(a) Legal basis (up to 31 December 1977)

Council Regulation (EEC) 724/75 of 18 March 1975 (OJ L 73)
setting up a European Regional Development Fund;

Financial Regulation of 18 March 1975 supplementing the
Financial Regulation of 25 April 1973 applicable to the General
Budget of the European Communities (OJ L 73);

Council Decision of 18 March 1975 applying Regulation (EEC)
724/75 to the French Overseas Departments.

(b) Description of the operation

The objective is to correct the chief regional imbalances in the
Community which result, in particular, from the predominance of
agriculture, the shifts in the pattern of industry, and
structural underemployment. A contribution will be made to
the financing of investment in industry, each investment project
exceeding 50.000 u.a. in one of the following categories:

- investment in industry, small businesses or sound economic
services in receipt of regional state aids on condition that
ten jobs at least are created or other jobs are maintained;
- investment in infrastructures directly linked to the
development of the abovementioned activities;
- investment in the infrastructure referred to in Article 3(2)
of Council Directive No 75/268 on mountain and hill farming
and farming in less favoured areas;

together with a contribution towards the financing of studies
closely related to the Fund's operations, undertaken at the
request of a Member State.

The Commission thereby hopes to facilitate the financing of
investments which improve the employment situation and economic
activities in the regions concerned.

The aim is:

- to increase the volume of investment in industry and services
provided in regions receiving Community assistance,
- to improve conditions for setting up and developing new
activities in these regions by stepping up investment in
infrastructures.

2. Type

Subsidy.

3. Method of calculation and explanation of changes

The increase in the appropriation results from the application of the Council Regulation of 18 March 1975 setting up the Fund.

Appropriations for payment were estimated on the basis of the information provided by the Member States in the applications for financial contributions from the Community which were submitted to Regional Fund in 1975 and 1976.

In view of the Member States' forecasts and the relative lack of experience since the Fund came into operation, the schedule of payments overleaf is basically for guidance only.

in m u.a.

| COMMITMENTS | PAYMENTS | | | | | TOTAL |
|-----------------|----------------------|---------|---------|---------|----------------------------|----------------------|
| | 1975 | 1976 | 1977 | 1978 | 1979 and sub-sequent years | |
| 1975 299,826 | 150,000 ¹ | 95,000 | 50,000 | 4,826 | - | 299,826 |
| 1976 500,174(2) | - | 205,000 | 245,000 | 40,000 | 10,174 | 500,174 ² |
| 1977 500,000 | - | - | 205,000 | 245,000 | 50,000 | 500,000 |
| TOTAL 1.300,000 | 150,000 ¹ | 300,000 | 500,000 | 289,826 | 60,174 | 1.300,000 |

¹of which 59,332 m u.a. in automatic carryovers from 1975 to 1976.

²of which 0,174 m u.a. of the 1975 appropriations remained in 1976.

TITLES 6 and 7 EUROPEAN AGRICULTURAL GUIDANCE AND
GUARANTEE FUND
GUARANTEE SECTION

Historical Archives of the European Commission

EAGGF GUARANTEE SECTION AND "GREEN-CURRENCY" EXPENDITURE
COMPARISON BETWEEN THE INITIAL APPROPRIATIONS FOR 1976 AND THE
PROPOSALS FOR APPROPRIATIONS FOR 1977

The changes proposed by the Commission in the presentation of the appropriations for the EAGGF Guarantee Section and "green-currency" expenditure are as follows:

- entry in a special Chapter (Chapter 47 - Expenditure arising from the application of differing exchange rates) of net expenditure resulting from the difference between "green" units of account and the budgetary unit of account,
- entry in the EAGGF Guarantee Section, but in a separate Chapter, of expenditure resulting from the application of monetary compensatory amounts,
- calculation of total expenditure by the EAGGF Guarantee Section in two forms:
 - gross expenditure, comprising all charges on the Budget which relate to the operation of common organizations of markets,
 - net expenditure, obtained by subtracting agricultural levies and sugar levies from the above: this net expenditure is the exact financial burden to be borne by the Community Budget to finance agricultural policy,
 - entry under Chapter 100 of a provision for the revision of agricultural prices.

Taking into account these changes in the presentation of the Budget, the following table enables a chapter-by-chapter comparison to be made between the appropriations for 1976 and the proposals for appropriations for 1977.

EXPENDITURE BY THE GUARANTEE SECTION AND "GREEN CURRENCY" EXPENDITURE

| Chapter | Products | Appropriations 1976 | | Appropriations 1977 | |
|--------------------------------------|---|-------------------------|----------------------------|----------------------------|-------------|
| | | With dual exchange rate | Without dual exchange rate | Without dual exchange rate | % variation |
| 60 | Cereals | 714,8 | 676,8 | 950 | + 40 % |
| 61 | Rice | 24 | 18 | 25 | + 38 % |
| 62 | Milk and milk products | 1.941,1 | 1.892,1 | 2.000 | + 5,7% |
| 63 | Oils and fats | 411,3 | 377,3 | 450 | +19,3% |
| 64 | Sugar | 170,4 | 162,4 | 330 | +103 % |
| 65 | Beef and veal | 679,4 | 623,4 | 650 | + 4,2% |
| 66 | Pigmeat | 69 | 69 | 80 | +15,9% |
| 67 | Eggs and poultrymeat | 24 | 25 | 25 | - |
| 68 | Fruit and vegetables | 112,8 | 94,8 | 120 | +26,5% |
| 69 | Wine | 196,1 | 174,1 | 120 | - 45 % |
| 70 | Tobacco | 203,3 | 169,3 | 180 | + 6,3% |
| 71 | Fisheries | 4 | 4 | 10 | +150% |
| 72 | Alcohol | token entry | token entry | 10 | - |
| 73 | Other sectors | 62,4 | 62,4 | 60 | - 4 % |
| 74 | Refunds on processed products | 25 | 25 | 30 | + 20 % |
| 75 | Accession compensatory amounts | 262 | 262 | 250 | - 4,8% |
| Gross expenditure, Guarantee Section | | 4.899,6 | 4.635,6 | 5.290 | + 14 % |
| Revenue | | - 737 | - 689 | -1.161 | |
| 100 | Levies | - 629,1 | - 584 | - 921 | |
| 110 | Sugar levies | - 107,9 | - 105 | - 240 | |
| Net expenditure, Guarantee Section | | 4.162,6 | 3.946,6 | 4.129 | + 4,6% |
| 79 | Monetary compensatory amounts | 260,7 | 204,7 | 550 | + 170% |
| 47 | Dual exchange rate | (320) | 320 | 550 | (+ 72%) |
| 100 | Provision for agric. prices revision 77/78 | - | - | 200 | - |

CHAPTER 60 COMMON ORGANIZATION OF THE MARKET IN CEREALS

1. Legal basis: Regulation No 2727/75
on the common organization of the market,
came into force 1 July 1967.

(A temporary organization of the market operated
between 30 July 1962 and 30 June 1967).

2. Description of the common organization of the market

A target price is fixed for the main cereals (common wheat, rye, barley, maize, durum wheat) depending on the normal remuneration to be paid to producers.

The prices actually paid (market prices) are prevented from differing widely from the target price by being protected at frontiers through the compliance with a threshold price and by support of the domestic market through sales at an intervention price, which is therefore the minimum price guaranteed to the producer. Market prices are determined freely and are thus kept within a bracket which is limited at the upper level by the threshold price and at the lower level by the intervention price.

A system of aid by the hectare safeguards the income of producers of durum wheat in those areas defined in the Community rules.

Faced with a build-up of large quantities of common wheat unsuitable for bread-making, the Council decided that the intervention price for these qualities should be 15 u.a. below that of bread-making qualities, i.e., at an intermediate level between the latter and coarse grain mainly intended for animal feedstuffs, in order to reduce the amounts produced. A single intervention price for all feed-grain will be fixed for the forthcoming marketing years to permit the proper disposal of Community grain.

The grain year is from 1 August to 31 July of the following year.

The prices fixed for the 1976/77 marketing year are as follows for the 6 original Member States:

| u.a./t | Common wheat | Durum wheat | Barley | Rye | Maize |
|------------------------------|------------------|--------------------|--------|--------|-------|
| Target price | 152 | 218,8 | 137,8 | 149,15 | 137,8 |
| Single intervention price | 131 ¹ | 202 | 116,0 | 124,0 | 112,2 |
| Threshold price | 149,3 | 216,1 | 135,1 | 146,45 | 135,1 |
| Aid | | 0-21-50 u.a./ha | | | |

¹For wheat of bread-making quality.

3. Financial mechanisms of the common organization of the market

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> For the marketing year 1 August to 31 July |
|--|--|---|
| Art. 16 R 2727/75 | 6000 - Refunds for commercial operations | Quantities exported multiplied by the difference between the world price and the Community price |
| | 6001 - Refunds on food aid | Average levy for the first 25 days in the month preceding that in which the product was exported, less the difference between the target price and the intervention price |
| | 6010 - Premiums for wheat mixed in cattle food | |
| Art. 2 R 1955/75 | 6011 - Production refunds for potato starch | Premium per tonne of potato starch given to the starch manufacturer |
| Art. 1 R 1955/75 | 6012 - Other production refunds | Maize starch: premium per tonne of maize used (paid to the starch manufacturer) |
| | | Wheat starch: premium per tonne of wheat used (paid to the starch manufacturer) |
| | | Maize groats and meal: premium per tonne of maize groats and meal used (paid to the processor) |

Article of the basic
Regulation

Budget item

Method of calculation

| | | |
|-------------------|---------------------------------------|--|
| Art. 10 R 2727/75 | 6013 - Aid for durum wheat | Aid by the hectare (paid to the producer) |
| Art. 9 R 2727/75 | 6014 - Carry-over payments | |
| Art. 7 R 2727/75 | 6015 - Storage | Purchases at intervention price. System of net losses (second category interventions): A. type intervention for grain) |
| Art. 8 R 2727/75 | 6016 - Specific intervention measures | B Type intervention: relates to private storage |
| Art. 23 R 2727/75 | 6019 - Other intervention | |

4. Basic data

- relationship of EAGGF expenditure to the value of the production.

| | 1973 | 1974 | 1975 ^{2*} | 1976 ^{2**} | 1977 |
|---|---------|--------|---------------------|----------------------|-------|
| EAGGF expenditure (m u.a.) | 1.029,5 | 399,8 | 620,8 | 714,8 | 950 |
| ¹ % of total EAGGF expenditure | 30% | 15,41% | 15,77% | 15,41% | 17,9% |
| Levies (including rice) | 355,8 | 178,5 | 263,7 ^{2*} | 372,1 ^{2**} | |

^{2*} Provisional expenditure.

^{2**} Budget appropriation.

CHAPTER 61 COMMON ORGANIZATION OF THE MARKET IN RICE

1. Legal basis: R 359/67/EEC
of 25 July 1967

2. Description of the common organization of the market

A target price is fixed for husked rice in accordance with the normal remuneration to be paid to producers.

The real prices (market prices) are prevented from differing widely from the target price by means of protection at frontiers ensured by compliance with a threshold price and by support of the domestic market through guaranteed sales at the intervention price laid down for the qualities of paddy rice.

The organization of the market in rice must take account of widely differing regional conditions; it is the relationship established between the threshold price and the intervention price fixed for the producer areas of northern Italy and south-eastern France which determines the competitive position relative to rice imported into the northern areas of the Community.

The marketing year begins on 1 September and ends on 31 August of the following year.

The prices fixed for the 1976/77 marketing year are as follows:

| | u.a./t |
|-----------------------------------|--------|
| Target price for husked rice | 284,52 |
| Intervention price for paddy rice | 164,16 |
| Threshold price | |

3. Financial mechanisms

| Regulation | Budget item | Method of calculation |
|------------------------|--|--|
| Art. 17 R 359/67 | 6100) 6101) Refunds 1 | Quantities exported x the difference between the world price and the Community price |
| Art. 5,8,9 R 359/67 | 611 Intervention in respect of rice | 1. Storage: use of the net loss system (second category intervention) 2. Possibility of a production refund for broken rice used in starch manufacture. |

4. Basic data

| | 1973 | 1974 | 1975 | 1976 | 1977 |
|-------------------------------------|------|------|---------------|-------------|------|
| | | | (provisional) | (forecasts) | |
| EAGGF expenditure (m u.a.) | 11,4 | 1,2 | 4,2 | 24 | 25 |
| % of total EAGGF expenditure (1) | 0,3 | 0,05 | 0,11 | 0,52 | 0,47 |

CHAPTER 62 COMMON ORGANIZATION OF THE MARKET IN MILK AND MILK PRODUCTS

1. Legal basis: Regulation No 804/68 of 29 July 1968 (after a transitional period from 1964 to 1968 during which national prices were gradually aligned).

2. Description of the common organization of the market

This common organization of the market takes in the following products:

- milk and cream, fresh or concentrated
- butter
- cheese and curd
- lactose
- milk-based compound feedingstuffs.

One of the essential features of the common organization of the market in milk and milk products is that the producer does not receive a guaranteed price for his output, i.e. milk. The intervention - and hence guaranteed - price operates after the production cycle since it covers the products of first-stage processing, namely butter, milk powder and cheese of the Grana padano and Parmigiano Reggiano types only.

A target price is fixed each year for milk with a 3,5% fat content; this price is fixed "in relation to the outlets available on the Community market and on external markets".

The threshold prices at Community frontiers protect the target price of milk. The threshold price of a product is the lowest price at which a product from a non-member country can enter the Community.

The intervention system is designed to maintain market prices above a minimum level; this means that the target price of milk is guaranteed for all sales of milk and milk products.

The main intervention measures are as follows:

(a) intervention in respect of butter, milk powder and certain types of cheese

The intervention is of two types:

- the purchase, storage and disposal by intervention agencies,
- aid for private storage.

The sale of stocks purchased by the intervention agencies or which are in private storage may, under certain market conditions, call for special measures, namely: aid to butter consumption, sale at reduced prices to certain processing industries or certain categories of consumer, and food aid.

(b) Marketing aids for certain products

Aid is granted to make the use of skimmed milk (powder and liquid) competitive in animal feedingstuffs in relation to vegetable protein which is mainly imported duty free (soya, field beans ...).

In certain surplus situations, more coercive measures can be taken, making it obligatory to incorporate a certain amount of skimmed milk in animal feed.

And import levies/export refunds mechanism ensures that the Community market is protected.

The milk year normally begins on 1 April and ends on 31 March.

The prices and rates fixed for the 1976/77 marketing year are as follows:

| u.a./t | 1 March 1976- 15 September 1976 | 16 September 1976- 31 March 1977 |
|-------------------------------|------------------------------------|-------------------------------------|
| Target price for milk | 162,9 | 167,6 |
| Intervention price | | |
| - skimmed milk powder | 901,6 | 913,7 |
| - butter | 2.180,80 | 2.238,0 |
| Aid (fixed by the Commission) | | |
| - for skimmed milk powder | | 380 |
| - for skimmed milk liquid | | 40 |
| - for casein | | 530 |
| Threshold price | (from 15 March 1976) | |
| - skimmed milk powder | 1.050,0 | 1.075,0 |
| - butter | 2.385,0 | 2.445,0 |

3. Financial mechanisms of the common organization of the market

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|---|--|
| | 1. <u>Export refunds</u> | |
| Art. 17 R 804/68 | 620 | Quantities exported x the difference between the Community price and the world price |
| | 2. <u>Intervention in respect of skimmed milk</u> | |
| Art. 2 R 986/68 | 6210 Aid for skimmed milk powder for animal feed | Quantities covered by aid x the rate of aid |
| Art. 2 R 986/68 | 6211 Aid for skimmed milk liquid for animal feed | Quantities covered by the aid x the rate of aid |
| R 987/68 | 6212 Aid for skimmed milk processed into casein | Quantities covered by the aid x the rate of aid |
| Art. 7(3) R 804/68 | 6213 Private storage | Quantities covered by contract x the storage rate (aid) |
| Art. 7(1) and (2) R 804/68 | 6214 Public storage and special sales procedures | System of net losses (second category intervention) |
| | 3. <u>Intervention in respect of butter and cream</u> | |
| Art. 6(2) R 804/68 | 6220 Private storage | Quantities stored rate of aid |
| Art. 6(1) and (3) R 804/68 | 6221 Public storage and special measures for the disposal of public stocks of butter | System of net losses (second category intervention) |

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|---|--|
| Art. 12 R 804/68 | 6223 Special measures for absorbing surpluses of butter fats | At present: - aid to persons receiving social welfare benefits - consumer subsidy for butter |
| Art. 8 and 9 R 804/68 | 4. <u>Intervention in respect of other milk products</u> 6230 Storage of cheese | System of net losses (second category intervention) |

4. Basic data

| | 1973 | 1974 | 1975 [¶] | 1976 ^{¶¶} | 1977 |
|-------------------------------------|-------|--------|-------------------|--------------------|-------|
| EAGGF expenditure (m u.a.) | 1.497 | 1.221 | 1.159 | 1.941,1 | 2.000 |
| % of the total of EAGGF expenditure | 43,9% | 46,45% | 29,56% | 41,86% | 37,8% |
| Levies (m u.a.) | 20 | 14,3 | 79 | 133 | |

[¶]Provisional expenditure.

^{¶¶}Budget appropriation.

CHAPTER 63 OILS AND FATS

ARTICLES 630-631 COMMON ORGANIZATION OF THE MARKET IN OILS AND FATS:

1. OLIVE OIL

1. Legal basis: Regulation No 136/66 effective from 10 November 1966.

2. Description of the common organization of the market

Each year a production target price is fixed; this price, fixed at a level which is "fair to producers" must ensure that the volume of production is sufficient to meet Community requirements. In addition a market target price is fixed at a level lower than that of the production target price to allow of the normal disposal of the production on the Community market in relation to competitive products (colza oil, for example).

Olive oil producers receive production aid equal to the difference between the two target prices.

The prices actually ruling on the market are prevented from differing for any length of time from the market target price by being protected at frontiers through the compliance with a threshold price and by support of the domestic market through guaranteed sales at the intervention price, due account being taken of the cost of transporting the oil from the production areas to the centres of consumption.

The marketing year begins as a rule on 1 November and ends on 31 October of the following year.

The prices fixed for the 1976/77 marketing year are as follows:

| | u.a./t |
|-------------------------|---------|
| Production target price | 1.850 |
| Market target price | 1.448,9 |
| Aid | 401,1 |
| Intervention price | 1.376,4 |
| Threshold price | |

3. Financial mechanisms of the common organization of the market

| <u>Budget item</u> | <u>Article of the Basic Regulation</u> | <u>Method of calculation</u> |
|---------------------------|--|--|
| 630 - Export refunds | Article 18 R 136/66 | Quantities exported x the difference between the Community price and the world price |
| 6310 - Production aid | Article 10 R 136/66 | Per marketing year: quantities subsidized x $\frac{\text{production target price} - \text{market target price}}{\text{production target price}}$ |
| 6311 - Storage | Article 11(1) and (3) R 136/66 Article 11(2) Article 12 R 136/66 | System of net losses (second category intervention) Private storage Possibility of forming a buffer stock |
| 6319 - Other intervention | Article 19 R 136/66 | Production refunds in respect of olive oil used in the manufacture of preserved fish and vegetables |

4. Basic data

| | 1973 | 1974 | 1975 ^{**} | 1976 ^{***} | 1977 |
|------------------------------|-------|-------|--------------------|---------------------|------|
| EAGGF expenditure (m u.a.) | 282,2 | 135,8 | 206,4 | 338,8 | |
| % of total EAGGF expenditure | 8,27 | 5,17 | 5,26 | 7,31 | |

^{**} Provisional.

^{***} 1976 Budget.

ARTICLES 632-633-634 COMMON ORGANIZATION OF THE MARKET IN OILS AND FATS:
2. OILSEEDS

1. Legal basis: 1. Colza, rape and sunflower seed

Regulation 136/66 effective from 1 July 1967

2. Cotton seed

Regulation No 1516/71

2. Description of the common organization of the market

1. Colza, rape and sunflower seed

Each year a target price is fixed "at a level which is fair to producers, account being taken of the need to keep Community production to a required level". A price is fixed for each of the standard qualities of colza and rape seed and for sunflower seed. An intervention system applies to certain qualities.

Since these products are freely imported from non-member countries and at nil duty, producers' income cannot be guaranteed by the market price. This is why the difference between the target price and the world market price is paid directly in the form of production aid when the oilseeds are processed.

The marketing year begins on 1 July and ends on 30 June of the following year (colza and rape seeds).

The prices fixed for the 1976/77 marketing year are as follows:

| | Colza/rape | Sunflower |
|--------------------------|------------|-----------|
| Target price | 275,7 | 286,3 |
| Basic intervention price | 267,7 | 278 |

2. Cotton seed

Aid is fixed each year per hectare of land sown and harvested; the aim is to guarantee a fair income to the producer, account being taken of the current situation on and foreseeable development of the market.

The marketing year begins on 1 August and ends on 31 July of the following year.

The aid has been fixed at 103,2 u.a./ha for the 1976/77 marketing year.

3. Financial mechanisms of the common organization of the market

| <u>Budget Article/Item</u> | <u>Article of the Basic Regulation</u> | <u>Method of calculation</u> |
|---|--|--|
| 632 - Export refunds | Art. 28 R 136/66 | Quantities exported x the difference between the Community price and the world price |
| 6330 - Production aid | Art. 27 R 136/66 | $\frac{\text{Quantities produced} - \text{quantities exported}}{\text{difference between the target price and the world price}}$ |
| 6331 - Storage | Art. 26 R 136/66 | System of net losses (second category intervention) |
| 6339 - Other intervention | Art. 27 R 136/66 | Allowance for early marketing (quantities x rate) |
| | Art. 36 R 876/67 | Supplementary aid in respect of colza and rape seed processed in Italy |
| 634 - Intervention in respect of cotton seeds | Art. 1 R 1516/71 | Number of hectares sown and harvested x the rate of aid |

4. Basic data

| | 1973 | 1974 | 1975 | 1976 |
|------------------------------|------|------|-------|------|
| EAGGF expenditure (m u.a.) | 86,5 | 10,9 | 26,4* | 71** |
| % of total EAGGF expenditure | 2,5 | 0,41 | 0,67 | 1,53 |

* Provisional figures.

** Budgetary appropriation.

ITEM 6341: AID TO SOYA BEANS

1. Legal basis

Regulation (EEC) 1900/74 of the Council of 15 July 1974 laying down special measures for soya beans, which came into force on 23 July 1974.

2. Description of the operation

In order to encourage the production of soya beans in the Community, provision has been made for a system of specific aid.

Each year a guide price is fixed at a level which is fair to producers, with account also taken of the supply requirements of the Community.

Aid is paid to a producer of soya beans when it is evident that for a certain period the guide price is higher than the average world market price of soya beans; the subsidy is equal to the difference between these two prices.

3. Method of calculation

Harvested production x Aid (Guide price - World price)

4. Financial data

1974 token entry

1975 token entry

1976 500.000 u.a.
(Budget)

CHAPTER 64 COMMON ORGANIZATION OF THE MARKET IN SUGAR

1. Legal basis: R 3330/74

Effective from 1 July 1968

2. Description of the common organization of the market

Sugar production in the Community is subject to quotas worked out on national bases which are used for fixing quotas for sugar firms. The quota system is as follows:

- Basic quota ("tranche A"): every sugar firm has a basic quota, the amount of which is proportional to the production figures for marketing years 1968/69 to 1972/73, subject to certain adjustments decided on by the Council.

A sugar undertaking's basic quota is the quantity of sugar that it may produce and sell direct on the Community market with the benefit of a guaranteed price.

The sum of the basic quotas of all the Community's sugar firms equals 105% of expected consumption.

- Specialization instalment ("tranche B"): provided they do not exceed an upper limit of 135% of the basic quota (135% in the marketing year 1976/77 - 145% in the marketing year 1975/76), sugar undertakings may sell their products freely on the Community market at the same price as the basic quota, but they must pay a production levy to finance expenditure on market support.

For this "tranche", the minimum price for sugarbeet and sugar is guaranteed at 70% of the minimum price fixed for "tranche A".

- Production in excess of the quota: sugar produced in excess of the specialization "tranche" must not be sold on the Community market. Prices are agreed freely, depending on the world-market price of sugar.

Every year a target price is fixed for white sugar. It corresponds to the optimum price applicable ex-works in the Community region with the greatest surplus (Picardy) and applies to standard-quality sugar.

The market price cannot differ from the target price in the long term because of:

(a) the intervention system; an intervention price is fixed for white sugar and for raw sugar. To ensure an even spread of sugar sales throughout the marketing year, a system for the equalization of storage costs has been introduced; its books are balanced by contributions paid by the industry (storage levies);

(b) protection at the frontiers; threshold prices are fixed for white sugar and raw sugar (the threshold price represents the minimum selling price in the Community of sugar imported from non-member countries).

There are also production refunds to enable certain of the Community's chemical industries to compete on fair terms with the chemical industries of non-member countries.

Furthermore the principle of building up minimum stocks equivalent to 10% of total Community production has also been decided on by the Council.

The marketing year begins on 1 July and ends on 30 June of the following year.

The prices fixed for the 1976/77 marketing year are as follows:

| | <u>u.a./100 kg</u> |
|-------------------------------------|--------------------|
| Minimum price for sugarbeet: | 24,57 |
| Target price for white sugar: | 34,87 |
| Intervention price for white sugar: | 33,14 |
| Threshold price for white sugar: | 38,21 |

3. Financial mechanisms of the common organization of the market

| <u>Budget item</u> | <u>Article of the Basic Regulation</u> | <u>Method of calculation</u> |
|--------------------|--|------------------------------|
|--------------------|--|------------------------------|

| | | |
|---|---------------------|---|
| 6400 - Export refunds | Art. 19 R 3330/74 | Quantities exported x (difference between the Community price and the world price) |
| 6410 - Denaturing premiums | Art. 9(2) R 3330/74 | |
| 6411 - Refunds for use in the chemical industry | Art. 9(4) R 3330/74 | Quantities x rate of refund |
| 6412 - Reimbursement of storage costs | Art. 8 R 3330/74 | Quantities stored x storage rate (u.a./tonne/month) |
| 6413 - Public storage | Art. 9(1) R 3330/74 | System of net losses (second category intervention) |
| 6414 - Measures in respect of sugar produced in the French overseas departments | Art. 9(3) R 3330/74 | Quantities aided x rate of aid. |

4. Basic data

Relation between EAGGF expenditure and the value of the goods produced.

| | 1973 | 1974 | 1975 [*] | 1976 ^{**} | 1977 |
|---|-------|-------|-------------------|--------------------|-------|
| EAGGF expenditure (m u.a.) | 136,5 | 108,8 | 309,1 | 170,4 | 330 |
| % of total EAGGF expenditure ¹ | 4% | 4,14% | 7,88% | 3,67% | 6,23% |
| Levies | 103,4 | 75,1 | 81,0 | 107,9 | |

^{*} Provisional figure.

^{**} Budgetary appropriation.

CHAPTER 65 COMMON ORGANIZATION OF THE MARKET IN BEEF AND VEAL

1. Legal basis

R 805/68 effective from 29 July 1968.

(However a provisional market organization existed since 1 November 1964)

2. Description of the common organization of the market

Each year the Council fixes a guide price for calves and adult bovine animals. This is the price which should be obtained on average on the Community market for all the quantities marketed during the marketing year. This guide price serves as a reference for calculating the Community protection against imports from non-member countries.

The intervention price is the price at which the intervention agencies must buy the products offered to them if there is no Community or export purchaser. This intervention price was fixed at 90% of the guide price for the marketing year 1976/77. The ongoing intervention (which was set up in December 1972) may be suspended if it appears that the market prices are equal to or in excess of 95% of the guide price during a period of two weeks.

Private storage aid may be granted to support the market; this system was first put into practice in January 1974.

Furthermore, a system of premiums may be set up to encourage the production of beef and veal or to support the income of the producers. For the 1976/77 marketing year the Council has therefore decided to grant:

- a premium for the slaughter of adult bovine animals, 25% financed by the EACGF, the sum of the market price and the variable premium not being allowed to exceed 86% of the guide price;
- a premium for each calf born.

Finally, there are special provisions to protect the Community market against risks of shortage (shortage clause) and, on the other hand, to support the market in the event of an appreciable decline in prices (safeguard clause to reduce or suspend imports).

The marketing year generally begins on 1 March and ends on the following 28 February.

The following prices have been fixed for the marketing year 1976/77:

| | |
|--------------------------------------|---------|
| | u.a./t |
| Guide price for adult bovine animals | 1.187,4 |
| Guide price for veal | 1.390,4 |

3. Financial machinery of the common organization of the market

| Budget item | Article of the Basic Regulation | Method of calculation |
|-------------------------|---------------------------------|--|
| 650 Export refunds | Art. 18 R 805/68 | Quantities exported x (the difference between the Community price and the world price) |
| 6510 Private storage | Art. 5(1)(a) R 805/68 | Storage contracts = quantities stored x rate of aid |
| 6511 Public storage | Art. 5, 6, 7 R 805/68 | System of net losses (2nd category interventions) |
| 6521 - 6522 Premiums | Special rules | Quantities covered by the premium x rate x rate of EAGGF contribution |

4. Basic data

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|---|------|-------|-------|--------|-------|
| EAGGF expenditure (m u.a.) | 16,6 | 320,8 | 986,1 | 679,4 | 650 |
| % of total EAGGF expenditure ¹ | 0,48 | 12,2 | 25,15 | 14,65 | 12,28 |
| Levies | 10,0 | - | 29,8 | 57 | |

* Provisional figure.

**1976 Budget.

CHAPTER 66

COMMON ORGANIZATION OF THE MARKET IN PIGMEAT

1. Legal basis: R 121/67 effective from 1 July 1967

2. Description of the common organization of the market

The common organization of the market in pigmeat is centred around three prices namely:

- sluice-gate price
- basic price
- buying-in price.

The sluice-gate price corresponds to the cost of pigmeat production in non-member countries which use the most efficient techniques and have the best feed grain supply situation.

Each year the Council fixes a basic price which roughly corresponds to the sluice-gate price plus the levy in respect of non-member countries. The market price should tend towards this basic price by virtue of both the protection of the domestic market ensured by compliance with the sluice-gate price or minimum import price and of the intervention system.

If domestic market prices fall below 103% of the basic price and are likely to remain below this price, the Commission can - but is not obliged to - decide to intervene in order to raise the price.

The support measures are of three types:

- preventive intervention before the domestic rates fall below 103% of the basic price. This intervention may consist in the granting of export subsidies, in applying supplementary amounts on imports, the effect of which is to raise the offer price of non-member countries to the level of the sluice-gate price and to prevent dumping, and in encouraging initiatives by and among farming interests.
- intervention proper, i.e.:
 - the granting of private storage aid, or
 - buying-in by intervention agencies at the buying-in price laid down for standard quality pig carcasses (reference pigmeat) which may not be greater than 92% nor less than 85% of the basic price.
- stabilization measures to promote better organization of production, processing and marketing.

Finally there is a safeguard clause to prevent a slump in domestic rates, by restricting or even suspending imports if necessary.

The marketing year generally begins on 1 November and ends the following 31 October.

The basic price has been fixed (by way of exception) at 1.144,8 u.a./t for the period from 15 March 1976 to 3 April 1977.

3. Basic data

| | 1973 | 1974 | 1975* | 1976 | 1977 |
|--|------|------|-------|------|------|
| EAGGF expenditure (m u.a.) | 96,7 | 67,1 | 54,1 | 69** | |
| % of total EAGGF expenditure ¹ | 2,8 | 2,55 | 1,38 | 1,49 | 80 |
| Levies | 30,0 | 13,8 | 16,7 | | 1,51 |

*Provisional figure.

**1976 Budget.

4. Financial machinery

| Article of the Basic Regulation | Budget item | Method of calculation |
|------------------------------------|--------------------|---|
| Art. 15 R 121/67 | 660 - Refunds | Quantities exported x the difference between the Community price and the world price |
| Art. 3 R 121/67 | 661 - Intervention | 1) Public intervention: net losses system 2) Private storage: quantities stored x rate of aid |

CHAPTER 67

COMMON ORGANIZATION OF THE MARKET IN EGGS AND
POULTRYMEAT

1. Legal basis

Regulations Nos 122/67 and 123/67 which entered into force on 1 July 1967.

2. Description of the common organization of the market

The stability of the markets and the support of producers' income are basically guaranteed by a trading system which takes account of the most important factor in the production of poultry products, namely feed grain; this is the biggest item in the variable production costs.

Accordingly, non-member countries must normally offer their products at the frontier at least at the sluice-gate price which is calculated each quarter. This price is made up of two parts:

- (a) an amount equal to the world market price for the quantity of feed grain required for the production in non-member countries of one kilogram of slaughtered poultry or one kilogram of eggs in shell;
- (b) a standard amount representing other feeding costs and overhead costs of production and marketing.

The sluice-gate price is used as the basis for calculating levies which protect the Community market.

There is also a safeguard clause which can be invoked if the Community market becomes or is likely to become severely disturbed as a result of imports or exports.

3. Financial machinery of the common organization of the market

| <u>Budget item</u> | <u>Article of the Basic Regulation</u> | <u>Method of calculation</u> |
|------------------------|--|--|
| 670 Refunds on eggs | Art. 9 R 122/67 | Quantities exported x (the difference between the Community price and the world price) |
| 671 | Art. 9 R 123/67 | Quantities exported x (the difference between the Community price and the world price) |

It should be borne in mind that the world prices for eggs and poultrymeat reflect any fluctuations in the world prices for feed grain.

4. Basic data

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|--|------|------|-------|--------|------|
| EAGGF expenditure (m u.a.) | 23,3 | 16,9 | 8,4 | 24 | 25 |
| % of total EAGGF expenditure ¹ | 0,6 | 0,64 | 0,21 | 0,52 | 0,47 |
| Levies | 7,0 | 5,4 | () | 12 | |

*Provisional figure.

**1976 Budget.

CHAPTER 68

COMMON ORGANIZATION OF THE MARKET IN FRUIT AND VEGETABLES

1. Legal basis: Regulation No 1035/72

A provisional organization of the market did in fact operate from 4 April 1962 to 31 December 1969.

2. Description of the common organization of the market

This common organization of the market covers all fresh and chilled fruit and vegetables with the exception of tropical fruit and potatoes.

Each year the Council fixes a basic price in accordance with the normal remuneration to be guaranteed to producers.

The prices established within the Community are prevented from differing markedly from the basic price thanks to a system under which withdrawals are made by producers' organizations at a Community withdrawal price when there is surplus production and protection given at frontiers through compliance with the reference price - the minimum price at which a product imported from a non-member country may enter the Community.

Withdrawals of nine essential products, as regards producers' income, by the organizations at the withdrawal price are wholly financed from the EAGGF.

If these withdrawals are insufficient to maintain prices, public purchasing at the buying-in price may be arranged at the request of one or more Member States. This buying-in is also wholly financed by the EAGGF.

In order to prevent structural surpluses, grubbing-up decisions, accompanied by an undertaking not to replant for a period of five years species which have been planted in excessive numbers, may be taken and would be 50% financed by the Guidance Section of the EAGGF.

3. Financial machinery

| <u>Article of the Basic Regulation</u> | <u>Budget Item</u> | <u>Method of calculation</u> |
|--|---|---|
| Art. 30 R 1035/72 | 680 - Refunds | Quantities exported x the difference between the Community price and the world price |
| Art. 18 and 19 R 1035/72 | 6810 - Withdrawal compensation and buying-in | Quantities withdrawn x the withdrawal price Quantities bought-in x the buying-in price |
| Art. 21 R 1035/72 | 6811 - Processing and distribution operations | Quantities withdrawn or bought-in x the unit cost of packaging, transport and processing |
| Art. 8 R 2511/69 | 6812 - Compensation for promotion of Community citrus fruits | Quantities x rate of compensation |
| Art. 3 R 2601/69 | 6813 - Compensation for orange processing | Quantities of oranges processed x premium |
| R 2929/75 | 682 - Aid in respect of tinned pineapples | Output x the rate of aid |

4. Basic data

| | 1973 | 1974 | 1975 | 1976 | 1977 |
|--|------|------|-------|---------|------|
| EAGGF expenditure (m u.a.) | 34,9 | 66,9 | 90,3* | 112,8** | 120 |
| % of total EAGGF expenditure (m u.a.) | 1,0 | 2,54 | 2,3 | 2,43 | 2,26 |

*Provisional.

**Estimate.

CHAPTER 69 . COMMON ORGANIZATION OF THE MARKET IN WINE

1. Legal basis

Regulations Nos 816/70 and 817/70 which entered into force on 15 June 1970.

2. Description of the common organization of the market

Each year the Council of Ministers fixes three prices in the wine sector:

- (a) a guide price fixed for each type of table wine representative of Community production. It is fixed at a level which ensures a fair return for the producer;
- (b) the activating price is the price which triggers the intervention system. For each guide price there is an activating price which is fixed in the light of the following factors:
 - (i) information contained in Community estimates,
 - (ii) the quality of the harvest,
 - (iii) the need to ensure price stability on the markets without causing structural surpluses to build up in the Community;
- (c) the reference prices are fixed for white and red wine. These prices serve to give protection at the Community frontier.

For each type of wine for which a guide price is fixed the Commission fixes each week an average producer price for each marketing centre for the type of wine in question.

Intervention may either be of the preventive or subsequent type:

- preventive intervention operates if information from the annual estimates reveals an imbalance between supply and demand. This can take the form of:
 - (i) preventive distillation. On 6 March 1976 the Council decided on the principle of this form of distillation for A1 type table wines with a minimum alcoholic strength of 9,5°: the buying-in price will be 68% of the guide price in 1976, 65% in 1977, 60% in 1978 and 55% for subsequent years;

- (ii) long-term private storage aid is given for table wines if the quantity available at the beginning of the wine-growing year exceeds total foreseeable requirements for that year by more than four months' consumption. The granting of the aid is conditional upon the conclusion of storage contracts valid for nine months;
- (iii) short-term private storage aid is given if, in a given wine-growing zone, there is an imbalance at the beginning of the marketing year between resources and market outlets. The granting of aid is conditional upon the conclusion of storage contracts valid for three months;

- if at the end of the wine-growing year the average market price remains less than the activating price for at least three consecutive weeks, wines covered by long-term storage contracts may be distilled; the buying-in price is then equivalent to the activating price. This system of storage or supplementary distillation is to operate during the 1976/77 to 1979/80 wine-growing years.

With the aim, furthermore, of rationalizing the market in table wines, the Council decided on 6 March 1976:

- to ban all new planting between 1 December 1976 and 30 November 1978;
- that a conversion premium would be paid by the Guidance Section of the EAGGF.

The wine-growing year generally begins on 16 December and ends on 15 December of the following year.

3. Financial machinery of the common organization of the market

| Budget item | Article of the Basic Regulation | Method of calculation |
|---|--|--|
| 690 Refunds | Article 10 R 816/70 | Quantities exported x (difference between the Community price and the world price) |
| 6910 Aid for private storage | Articles 5 and 6 R 816/70 | Quantities subject to contract x rate (u.a./hl/month) x number of months |
| 6911 Aid for redistributing table wines | Article 6a R 816/70 | According to the terms of the short-term contract |
| 6912 Distillation of wine | Article 7 R 816/70 Article 33a R 816/70 Article 6b R 816/70 Article 6c R 816/70 Article 24b R 816/70 | Voluntary distillation = quantities distilled x rate (u.a./°/hl) Special distillation (distillation of wines imported from outside the Community); quantities distilled x rate (u.a./°/hl) Preventive distillation minus quantities distilled x rate (u.a./°/hl) Supplementary distillation minus quantities distilled x rate (u.a./°/hl) Distillation of table wines |
| 6919 Other intervention | R 3298/74 | Aid in respect of products of the Cyprus Sherry category exported to the United Kingdom and Ireland |
| 6920 Obligatory distillation of secondary products of wine-making | Article 24 and 24a R 816/70 | Quantity of alcohol obtained x rate (u.a./°/hl) |

4. Basic data

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|--|------|------|-------|--------|------|
| EAGGF expenditure (m u.a.) | 12,4 | 42 | 139 | 196 | 120 |
| % of total EAGGF expenditure ¹ | 0,36 | 1,6 | 3,55 | 4,23 | 2,26 |

*Provisional figure.

**1976 Budget.

Historical Archives of the European Commission

CHAPTER 70 TOBACCO

1. Legal basis: Regulation (EEC) No 727/70
2. Description of the common organization of the market

The common organization of the market in tobacco essentially aims to:

- ensure that Community producers receive a fair income;
- protect Community production;
- adjust production and quality to demand.

For this purpose the Council fixes a norm price each year with the aim of ensuring an adequate income for growers with well-managed undertakings. The intervention price is fixed at 90% of the norm price and represents the price at which the designated intervention agency is obliged to buy tobacco offered to it by the growers.

There is an intervention price for leaf tobacco and a derived intervention price for baled tobacco (which takes account of the cost of first processing and market preparation).

Internal Community prices should normally fluctuate around the norm price because of the premium system granted to buyers who purchase direct from Community growers.

This premium represents that protection required in addition to the customs tariff in order to ensure that Community tobaccos receive some preference over imported tobaccos.

Thanks to this premium the purchase price for Community tobaccos will, at its highest, be equal to the cost price for imported tobacco if the contract price were equal to the norm price. There is therefore no need to introduce any protection other than the CCT at frontiers.

The provisions of the Regulation place both the producer and the purchaser in a privileged position in respect of production under contract.

Refunds may be granted for marketing certain varieties in non-Community countries if this prevents an imbalance between supply and demand.

3. Financial mechanisms

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|--------------------|---|
| Art. 9 R 727/70 | 700 - Refunds | Quantity exported x difference between Community prices and world prices |
| Art. 3 R 727/70 | 7010 - Premiums | Quantity bought for processing x the premium Premium = difference between norm price and cost price for tobaccos imported from non-member countries |
| Arts. 5, 6, 7 R 727/70 | 7011 - Storage | Net loss system |

4. Basic data

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|---|-------|-------|-------|--------|------|
| EAGGF expendi- ture (m u.a) | 118,2 | 187,6 | 228,5 | 203,3 | 180 |
| % total of EAGGF expend- iture ¹ | 3,63 | 7,14 | 5,83 | 4,38 | 3,40 |

* Provisional.

** Forecast.

CHAPTER 71 FISHERIES

1. Legal basis: Regulation (EEC) 2142/70
2. Description of the common organization of the market

Each year the Council fixes a guide price for certain fisheries products of special importance to the producers' incomes.

In principle, prices within the Community should not vary much from the guide price because of intervention on the one hand and the reference price for imports on the other.

1. Interventions

The creation and recognition of producers' organizations in the fisheries sector has been specifically regulated by the Council. The main objectives are to adjust supplies to market requirements and, as far as possible, to ensure that producers have a fair income. In order to achieve this, the organizations bind their members to certain rules notably in the matter of production (adhering to the standards fixed by the Council) and marketing, in return for which the producers enjoy certain advantages.

The Council has provided for special aid to be made available for these organizations to be financed by the EAGGF Guidance Section.

Intervention may take several forms:

- The producers' organizations may be called upon to intervene at withdrawal price level when the market price for some products falls below the withdrawal price. Financial compensation may be paid to the producers' organizations, subject to certain conditions.
- In the case of a slump in prices, and of marketing difficulties leading to a build-up of surplus stocks, the Council may decide to allocate the private storage aid granted to producers, processors or traders.
- In addition, specific intervention systems may be introduced for some products in certain conditions:
 - Purchase of sardines and anchovies in a crisis situation;
 - Compensatory refund paid to tunny fish producers (for products intended for the canning industry) when developments in world rates might prejudice the producers' income.

2. Commercial regime

The fisheries sector is subject to the common external tariff.

Refunds may be granted to encourage exports, particularly exports of processed products.

3. Financial mechanisms

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|---|---|
| Art. 21 R 2142/70 | 710 - Refunds | Quantity exported x difference between Community price and world price |
| Art. 11 and 12 R 100/76 | 7110 - Withdrawal compensations and buying-in | Financial compensation (all products) *Quantities withdrawn x 60% or 55% of the guide price x conversion factor Buying-in of sardines and anchovies (in an emergency) *Quantity purchased x purchase price |
| Art. 15 R 100/76 | 7111 - Private storage aid | Quantity stored x rate of aid |
| Art. 16 R 100/76 | 7119 - Other interventions | Compensatory allowance: quantity of tunny fish intended for the canning industry x the compensation rate |

4. Financial data

| | 1973 | 1974 | 1975 (provisional) | 1976 (budget) | 1977 |
|---|------|------|-----------------------|------------------|------|
| Expenditure by the EAGGF Guarantee Section (m u.a.) | 1,3 | 1,2 | 9,2 | 4,0 | 10 |

CHAPTER 72 ALCOHOL

Year of operation

1. Legal basis

Proposal not yet submitted to the Council. Aim: to create an organization of the market in alcohol (legal obligation resulting from the Charmasson judgment of 10 December 1974).

2. Description of the common organization of the market

(a) for alcohol of agricultural origin

to harmonize the guaranteed price for the various alcohols of whatever origin at the level of alcohol of cereal origin by means of an equalization system;

to guarantee financially the marketing of a certain amount of alcohol;

to provide the possibility of export refunds.

(b) for spirits

to harmonize the guaranteed price for various spirits of different origins by means of an equalization system;

to guarantee financially the marketing of a certain quantity of spirits;

to grant production refunds for the production of certain types of spirits obtained from cereals.

3. Estimated cost for 1977 (first year of operation of the common organization of the market)

| <u>Income</u> | | <u>Expenditure</u> | |
|---|---------------------|---|---------------------|
| Levies | 25 | Production refunds for spirits | 38 |
| Intervention contribution (tax on each bottle of alcohol) | 96,5 | Marketing guarantee and equalization for alcohol of agricultural origin and spirits | 96,5 |
| | <u>121,5 m u.a.</u> | | <u>134,5 m u.a.</u> |

CHAPTER 73 OTHER SECTORS AND PRODUCTS SUBJECT TO COMMON ORGANIZATION OF THE MARKET

ARTICLE 730 COMMON ORGANIZATION OF THE MARKET IN FLAX AND HEMP

1. Legal basis: Regulation No 1308/70 (OJ L146 of, 4 July 1970)

2. Description of the common organization of the market

In the Community market in flax and hemp total production is lower than consumption.

A flat rate sum per hectare is granted to producers of flax fibre and hemp. The amount of this aid is fixed annually by the Council; this figure takes into account the volume of production required, the amount that can be marketed, the price on the world market and the foreseeable trends in all these factors.

A specific aid is paid to linseed producers. This aid is equal to the difference between the norm price and the world market price when the norm price is higher than the world market price.

If there is a temporary imbalance in the market, the intervention agencies designated by the Member States give the holders of stocks of fibres the opportunity of negotiating storage contracts; private storage aid may also be granted. However, this type of aid has not yet had to be applied.

The import rules for the flax and hemp sector do not include any measures other than the application of the common customs tariff which provides for a nil duty. But appropriate measures may be applied to trade with non-member countries if the market is experiencing, or threatened with, serious disturbances (general safeguard clause).

3. Financial mechanisms

Article of the
Basic Regulation

Budget item

Method of calculation

| | | |
|-----------------------------|---|---|
| Arts. 4 and 5, R 1308/70 | 730 - Intervention for flax and hemp | 1. <u>Flax fibre and hemp</u> Surface area x rate of aid |
| | 7342 - Aid in respect of linseed | 2. <u>Linseed</u> Quantity produced x (norm price minus world price) |

4. Typical data

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|-------------------------------------|------|------|-------|--------|------|
| EAGGF expenditure (in u.a.) | 6,4 | 11,7 | 13,8 | 16,6 | |
| % of total expenditure ¹ | | | | | |

ARTICLE 731 SEEDS

1. Legal basis: Regulation No 2358/71

2. Description

The common organization of the markets in the seeds sector includes vegetables (with pods, husks or hulls) intended for sowing, hybrid maize, oilseeds and oleaginous fruit, and seeds, spores and fruit of a kind used for sowing. Aid may be granted to producers of these products when the market and price situation means that they are no longer assured of a fair income. The aid consists of a uniform sum for each type or group of varieties per quintal of seeds produced. The amount of this aid, which is decided by the Council, is fixed taking into account the market situation (balance between volume of production required and the amount that can be marketed) and the price for these products on external markets. The only protective measure applied at the frontier is the common customs tariff. In addition, as with other common organizations of the market, appropriate measures may be applied to trade with non-Community countries when the market experiences serious disturbances (safeguard clause). There is also a system of licences issued against a deposit.

In the case of hybrid maize for sowing, a reference price is fixed annually. This price is fixed on the basis of the free-frontier prices recorded during the last three marketing years. For each type of hybrid for which a reference price is fixed a free-frontier offer price in respect of each country of origin is fixed. Where the free-frontier offer price plus customs duties is lower than the corresponding reference price, provision is made for levying a countervailing charge equal to the difference recorded. The countervailing charge is not levied as regards non-member countries which are prepared to guarantee that their prices will not be lower than the reference price less customs duties.

* Provisional.

** Forecast.

3. Financial mechanisms

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|--------------------|------------------------------|
| Art. 3 R 2358/71 | 731 - Seeds | Production x rate of aid |

| | 1973 | 1974 | 1975* | 1976** | 1977 |
|---|------|------|-------|--------|------|
| EAGGF expenditure (m u.a.) | 14,6 | 15,2 | 23,7 | 22,1 | |
| Sector's expenditure as a proportion of total expenditure | | | | | |

* Provisional figure.
** Budget.

ARTICLE 732 HOPS

1. Legal basis: Regulation No 1696/71
2. Description

The products governed by the rules of the common organization of the market in hops (hop cones and lupulin, hop powder, vegetable saps and extracts of hops) are subject to a certification procedure in respect of the designation of origin. Since the adoption of the implementing regulation, these products may not be marketed or exported if the certificate has not been issued. A standard quality has been fixed for hops harvested in the Community.

Producers are encouraged to form producer groups (and unions of such groups) with a view to adapting and reorganizing production. Member States may grant aid to recognized groups fulfilling certain conditions. The aid is limited to the first three years of the existence of a group. Contracts between a producer or an association of producers (groups) and buyers are registered by the bodies designated for the purpose by each producer Member State.

Aid may be granted to producers to enable them to achieve a fair income. This aid takes the form of a direct per hectare payment, the amount of which is fixed by taking into account the market situation, the average return and price trends on external markets. If there is a risk of creating structural surpluses or disturbances of the market, aid may be limited to an amount corresponding to a given surface area. Aid varies with the varieties and is only paid after the product has been marketed.

In trade with non-member countries, the levying of any charge having an effect equivalent to a customs duty and the application of any quantitative restriction is prohibited; imports remain subject to the common customs tariff.

3. Financial mechanisms

| <u>Article of the Basic Regulation</u> | <u>Budget item</u> | <u>Method of calculation</u> |
|--|--------------------|------------------------------|
| Art. 12 R 1696/71 | 732 - Hops | Surface area x rate of aid |

4. Typical data

| | 1973 | 1974 | 1975 | 1976 | 1977 |
|--|------|------|------|------|------|
| EAGGF expenditure (m u.a.) | 4,6 | 4,4 | 7,9* | 7** | |
| % Total EAGGF Guarantee Section ¹ | 0,14 | 0,17 | 0,2 | 0,15 | |

ARTICLE 733 COMMON ORGANIZATION OF THE MARKET IN SILKWORMS

1. Legal basis: Regulation (EEC) 827/68
Regulation (EEC) 845/72 of 24 April 1972 laying down special measures to encourage silkworm rearing.
Regulation (EEC) 708/76

2. Description

With a view to promoting the rearing of silkworms, an aid per box of silkworms used in the Community has been introduced. The aid is intended to help to ensure a fair income for silkworm rearers, account being taken of the market situation in cocoons and raw silk, of foreseeable trends on that market and of import policy.

* Provisional.
** Forecast.

The Ministers for Agriculture meeting as the Council on 2-6 March 1976 also decided that, for the 1976/77 marketing year, an aid in addition to that granted to all producers would be granted to rearers who were members of a recognized producers' group in order to encourage them to market their cocoons jointly and thus to allow of the more rational management of the supply.

The marketing year for the silkworm begins on 1 April each year and finishes on 31 March of the following year.

3. Financial mechanisms

| <u>Budget item</u> | <u>Article of the Basic Regulation</u> | <u>Method of calculation</u> |
|--------------------|--|--|
| 733 | Article 2 of Regulation 845/72 Article 1 of Regulation 708/76 | Number of boxes produced x rate of aid |

4. Financial data

| | 1973 | 1974 | 1975 | 1976* | 1977 |
|---|------|------|------|-------|------|
| Expenditure by the EAGGF Guarantee Section (m u.a.) | 0,3 | 0,5 | 0,8 | 2 | |

* Budget.

ARTICLE 734 COMMON ORGANIZATION OF THE MARKETS IN THE DRIED FOODER SECTOR

1. Legal basis: Council Regulation (EEC) No 1067/74 of 30 April 1974 which came into force on 1 May 1974 (dehydrated fodder)
2. Description of the common organization of the market

This organization of the market covers a number of protein-rich products (lucerne, sainfoin, clover, lupins, dehydrated potatoes etc.).

In order to ensure a better supply of the Community in this type of product, and therefore in proteins, aid has been granted to green fodder and potato drying plants; this aid is granted only to producers who have concluded contracts with producers of fodder for dehydration or who dehydrate their own crops.

The Community market is protected by the joint external tariff and there are no refunds or levies.

The marketing year begins on 1 April each year and ends on 31 March of the following year (1 July to 30 June for potatoes).

3. Financial mechanisms

| <u>Budget Article</u> | <u>Legal basis</u> | <u>Method of calculation</u> |
|-----------------------|--|------------------------------------|
| 734 | Articles 3,4 and 5 of Regulation 1067/74 | Quantity dehydrated at rate of aid |

4. Financial data

| | 1974 | 1975 (provisional) | 1976 (forecasts) | 1977 |
|----------------------------|------|--------------------|------------------|------|
| EAGGF expenditure (m u.a.) | 3,6 | 11 | 14,2 | |

ARTICLE 735 EAGGF GUARANTEE SECTION - POTATOES

New operation

1. Legal basis

Proposal submitted by the Commission to the Council on 22 December 1975.

Aim: to include the potato sector in the organizations of the market (legal obligation resulting from the Charmasson judgment of 10 December 1974).

2. Description of the common organization of the market

EAGGF, GUARANTEE SECTION: When so required by the market situation:

- aid for private storage
- dehydration subsidy
- export refunds.

EAGGF, GUIDANCE SECTION:

- subsidy towards constituting and running a producers' group for the three years following the date on which it is recognized, subsidies of 3% for the first year, 2% for the second year and 1% for the third year respectively, calculated on the basis of the value of the products covered by the recognition.

3. Forecast of costs

in m u.a.

EAGGF, Guarantee Section
(Title 7)
(depending on the market
situation)

EAGGF, Guidance Section
(Title 8)

| | | |
|------|--------|---|
| 1977 | 1 to 2 | 3 |
|------|--------|---|

ARTICLE 736 SHEEPMEAT

1. Legal basis and description of the operation

Proposal submitted by the Commission to the Council on 10 September 1975.

Aim: to set up a new temporary organization of the market in the sheepmeat sector; this is justified by the fact that sheepmeat production is greater in the new Member States (UK and IRL), and that current national measures are extremely divergent.

2. The mechanism proposed.

Transitional phase - liberalization of intra-Community trade and also the levy of compensatory amounts when sheep and lambs originating in the UK or Ireland are shipped to France.

3. Estimated cost

Intervention expenditure reduced by 20 to 40 m u.a. (levying of compensatory amounts).

CHAPTER 74 REFUNDS ON CERTAIN GOODS OBTAINED BY PROCESSING
ARTICLE 740 AGRICULTURAL PRODUCTS

1. Legal basis

Council Regulation (EEC) No 1059/69 of 28 May 1969 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products.

2. Description of the operation

Pursuant to Article 38 of the Treaty establishing the European Communities, the common agricultural policy extends to products of the soil, stock-farming and fisheries and products of first-stage processing directly related to these products; these products are listed in Annex II to the Treaty.

However, exceptionally, certain goods not covered by Annex II to the Treaty, in the manufacture of which one or more of the basic products have been used, either unprocessed or after processing (cereals, milk, butter, beet sugars, molasses), may be made subject to the common agricultural policy.

Thus the goods referred to above are subject to charges when imported. Export refunds may also be paid.

3. Method of calculation

For each of the products processed the refund is calculated:

- according to the basic product used in the manufacture of the goods;
- by applying the refund rates fixed for each of the basic products.

4. Financial data

| | in m u.a. |
|---------------|-----------|
| 1975 | 23,2 |
| 1976 (Budget) | 25,0 |
| 1977 | 30,0 |

CHAPTER 75 ACCESSION COMPENSATORY AMOUNTS GRANTED IN RESPECT OF
INTRA-COMMUNITY TRADE

ARTICLE 750 ACCESSION COMPENSATORY AMOUNTS

1. Legal basis: Article 55 of the Act of Accession (United Kingdom, Ireland, Denmark)

2. Description

The Act of Accession of the three new Member States (United Kingdom, Ireland, Denmark) provides for the gradual alignment of prices between the original Community and the new States. In the interval until this alignment of prices is completed, which should be by 1 January 1978, the system of accession compensatory amounts allows for compensation for the differences in price levels.

In trade between the new Member States and between them and the Community as originally constituted, compensatory amounts are levied by the importing State or granted by the exporting State.

In trade between the new Member States and non-member countries, levies and export refunds are reduced or increased as the case may be by compensatory amounts.

Since during the transition period the level of prices in the new Member States is below that in the original Community countries and since the new Member States have a total deficit in agricultural products, the system of accession compensatory amounts leads to net expenditure in financial terms (more compensatory amounts granted than levied).

3. Financial data

| | 1973 | 1974 | 1975 | 1976 ¹ | 1977 |
|---|-------|-------|-------|-------------------|------|
| Expenditure by the EAGGF Guarantee Section (m u.a.) | 264,3 | 332,5 | 414,9 | 262,0 | 250 |

¹ Budget appropriation.

CHAPTER 79 EXPENDITURE DUE TO THE MONETARY SITUATION
(COMPENSATORY AMOUNTS)

ARTICLE 790 MONETARY COMPENSATORY AMOUNTS GRANTED IN RESPECT
OF INTRA-COMMUNITY TRADE

ARTICLE 791 MONETARY COMPENSATORY AMOUNTS GRANTED IN RESPECT
OF EXTRA-COMMUNITY TRADE

1. Legal basis: Regulations Nos. 974/71 and 475/75

2. Analysis of the system of monetary compensatory amounts

Set up in August 1969, brought into force for all the Member States on 11 May 1971, amended since June 1973 to allow for the fact that the currencies of the Member States are no longer aligned on the US dollar, the system has the aim of allowing agricultural trade to flow freely without the currency fluctuations threatening the principle of the uniformity of Community prices and free movement of goods.

The application of the system of compensatory amounts at present derives from Regulation No. 974/71, which provides that:

- Those Member States whose currency has appreciated as compared with the rate used for transactions under the agricultural policy (representative rate) may levy monetary compensatory amounts on imports and grant monetary compensatory amounts on exports.
- Those Member States whose currency has depreciated as compared with the rates used for transactions under the agricultural policy (representative rates) are allowed to grant monetary compensatory amounts on imports and levy monetary compensatory amounts on exports.

At the present level of representative rates, the compensatory amounts can be tabulated as shown below, the + sign indicating that a compensatory amount has been granted and the - sign showing that one has been levied.

| | <u>Countries whose currency has appreciated</u> | | | <u>Countries whose currency has depreciated</u> | | | |
|-----------------|---|----|-------|---|----|-----|----|
| | G | NL | B/Lux | F | UK | IRL | IT |
| <u>Imports:</u> | | | | | | | |
| - MCAs levied | - | - | - | | | | |
| - MCAs paid | | | | + | + | + | + |
| <u>Exports:</u> | | | | | | | |
| - MCAs levied | | | | - | - | - | - |
| - MCAs paid | + | + | + | | | | |

The granting or levying of a compensatory amount depends on:

- (a) the price of the product (generally the intervention price);
- (b) the percentage appreciation or depreciation as compared with the representative rate.

Generally in the case of currencies forming part of the European monetary agreement ("the Snake") this percentage is fixed.

In the case of other currencies the percentage appreciation or depreciation is readjusted each week if there is a change equivalent to at least one percent compared with the preceding week. An abatement of 1.5% also applies (abatement of MCAs).

- (c) The flow of exports or imports, in terms of quantity.

The compensatory amounts apply to the principal markets managed under the common agricultural policy - cereals, milk products, beef and veal, pigmeat, eggs and poultry, some wines, sugar, non-Annex II products.

3. Financial mechanisms

41 - Article 7 of Regulation No 974/71 provides that:

- For trade with non-member countries:

- compensatory amounts charged are regarded as levies. However Article 4a provides that the compensatory amounts charged on exports shall be deducted from the export refund; also, if the compensatory amount charged is higher than the refund, the balance is regarded as a levy;
- compensatory amounts granted are regarded as refunds. However, pursuant to Article 4a of Regulation (EEC) 974/71, the compensatory amount paid on imports shall be deducted from the import charge; also if the compensatory amount paid on imports exceeds the levy, the balance is regarded as an export refund.

- As concerns trade between Member States, the compensatory amounts are regarded as part of the intervention sums used to regulate the agricultural markets.

42 - With regard to the budgetary nomenclature it was thought desirable to group the compensatory amounts in Chapter 79 under the following headings:

. Article 790: monetary compensatory amounts granted in respect of trade between Member States (intra-Community trade).

Item 7900 covers monetary compensatory amounts charged or granted on imports (granted in the case of countries whose currency has appreciated, and levied in the case of those whose currency has depreciated).

Item 7901 covers compensatory amounts charged or granted on exports (granted in the case of countries whose currency has depreciated, and levied in the case of those whose currency has appreciated).

. Article 791: monetary compensatory amounts granted in respect of trade with non-Community countries (extra-Community trade).

Item 7910 is the proportion of monetary compensatory amounts granted on imports (countries whose currency has depreciated) exceeding the levy. It will be remembered that the compensatory amount charged on imports is regarded as a levy.

Item 7911 gives the compensatory amounts granted or charged on exports (granted in the case of countries whose currency has appreciated, charged in the case of those whose currency has depreciated).

4. Basic data

| | 1973 | 1974 | 1975 ² | 1976 ³ | 1977 |
|---|---------|---------|-------------------|-------------------|------|
| MCAs in respect of intra-Community trade | | | | | |
| - imports | } 140,3 | } 137,6 | } 411,4 | 36,4 | |
| - exports | | | | 134,1 | |
| TOTAL | 140,3 | 137,6 | 411,4 | 170,5 | 550 |
| MCAs in respect of extra-Community trade ¹ | | | | | |
| - imports (proportion exceeding the levy) | } - | } - | } - | 76,4 | |
| - exports | | | | 13,8 | |
| TOTAL | | | | 90,2 | |
| GRAND TOTAL | 140,3 | 137,6 | 411,4 | 260,7 | |

¹ Up to 1975 the corresponding amounts were included in the refunds.

² Provisional.

³ 1976 Budget.

**TITLE 8 EUROPEAN AGRICULTURAL AND GUARANTEE FUND,
GUIDANCE SECTION**

Historical Archives of the European Commission

CHAPTER 80 PROJECTS FOR IMPROVING THE STRUCTURE OF AGRICULTURE
ARTICLE 800 REFERRED TO IN ARTICLE 13 OF REGULATION NO 17/64/EEC

1. Legal basis and description of the operation

(a) Legal basis

Regulation No 17/64/EEC and Article 6(4) of Regulation No 729/70. The objective, under Regulation No 729/70, calls for part of the annual allocation of 325 m u.a. not used for joint schemes and particular measures to be used for the EAGGF financing of up to 25% of approved and actual expenditure on projects for improving the structure of agriculture.

(b) Description of the operation

These objects cover both investment in rural infrastructure and investment in the production or marketing of agricultural products.

2. Type and breakdown of expenditure

Subsidy in the form of payment of 25% of actual expenditure.

3. Method of calculation and explanation of changes

(a) Method of calculation

The 1977 allocation is a sum of 325 m u.a. less the appropriations for commitment provided for joint schemes and special measures, i.e., 242,1 m u.a.

$$325 - 242,1 = 82,9 \text{ m u.a.}$$

(b) Explanation of change

The reduction of the 1977 allocation relative to the 141,2 m u.a. in 1976 is due to the progress made with joint schemes and special measures.

m u.a.

| Commitments | Payments | | |
|-------------|----------|------|---------------------------|
| | 1977 | 1978 | 1979 and subsequent years |
| 1977 82,9 | 4 | 12 | 66,9 |

CHAPTER 81 JOINT STRUCTURAL SCHEMES (Under the Council Resolution

ARTICLE 810 of 25 May 1971)

ITEM 810 MODERNIZATION OF FARMS

1. Legal basis and description of the operation

(a) Legal basis

Council Directive 72/159 of 17 April 1972 (OJ No L 96, 23 April 1977, p. 1) on the modernization of farms, as supplemented by Directive 73/131 (guidance premium for the production of beef and veal), Directive 73/440 (regional differentiation of measures), Directive 74/493 (interest-rate subsidy) and Directive 75/268 (hill and mountain farming).

(b) Description of the operation

The Directive brought in, for a 10-year period, a system of selective incentives to farms in a position to develop, with a view to their attaining, through an appropriate development plan, an income per working person equivalent to the average gross wage of non-agricultural workers in the region concerned.

The incentive scheme comprises the following:

- . Aids in the form of interest-rate subsidies for the investments needed to carry out the development plan; this applies to all the loan up to, but not exceeding, 42.060 u.a. per MPU. It is at a rate of 5%, for a period of 15 years, in principle, but variations are possible. Italy, for example, has raised the interest-rate subsidy to 11% for the Mezzogiorno, the Central and Northern Regions, including mountain areas, and 9% for the remaining Regions.
- . Guarantees for loans and interest thereon.
- . Giving these holdings the first refusal on land released under Directive 72/160.
- . Guidance premiums to encourage the production of beef and veal and sheepmeat.
- . Aid amounting to 473 u.a. for the keeping of management accounts, for at least the first 4 years.
- . Between 2.630 and 7.890 u.a. of launching aid for producer groups.
- . Aids for land reallocation and irrigation.

The EAGGF bears 25% of the expenditure of the Member States under these Directives, subject to the expenditure brackets laid down therein. It must be emphasized that the Commission recently laid before the Council a proposal for a Directive adjusting the amounts in u.a. to changes in the cost of living; in the case of Directive 72/159 this would result in the sums being raised by about 28%.

2. Type and breakdown of the expenditure

(a) Type

Subsidy in the form of reimbursement of Member States' expenditure in the previous year.

(b) Breakdown

- Between types of aid:

| Type of aid | EAGGF 1977 expenditure (m u.a.) |
|--|---------------------------------|
| Interest-rate subsidies | 13,4 |
| Guidance premiums (beef and veal) | 1,6 |
| Aids for keeping of accounts | 2,3 |
| Launching aids for producer groups | 0,9 |
| Aids for land reallocation and irrigation | 0,6 |
| | <u>18,8</u> |

- Between Member States

m. u.a.

| EAGGF expenditure in 1977 | FRG | B | F | N | IT | LUX | UK | DK | IRL | Total |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| | 1,2 | 0,3 | 5,7 | 0,4 | 5,1 | 0,1 | 1,9 | 2,0 | 2,1 | 18,8 |

3. Method of calculation and explanation of changes

The estimates of the expenditure of the EAGGF Guidance Section for 1977 are based on the national forecasts of expenditure to be incurred by the Member States in 1976.

m u.a.

| Commitments | Payments | | |
|-------------|----------|------|------------------------------|
| | 1977 | 1978 | 1979 and subsequent years |
| 1977 18,8 | 18,8 | - | - |

ITEM 8101 CESSATION OF FARMING AND RE-ALLOCATION OF LAND FOR STRUCTURAL IMPROVEMENT

1. Legal basis and description of the operation

(a) Legal basis

Directive 72/160 of the Council of 17 April 1972 (OJ No L 96, 23 April 1972, p. 9) supplemented by the Council Decisions of 21 October 1972 concerning measures to encourage the cessation of farming and the re-allocation of the utilized agricultural area (UAA), for the purpose of structural improvement.

(b) Description of the operation

This Directive is a supplement to Directive 72/159 on the modernization of farms. The purpose of the project is mainly to make it easier for elderly farmers to leave farming, and generally for those who give up farming. To achieve this objective an incentive system has been set up which includes, subject to strict conditions guaranteeing the re-allocation of the UAA, the following measures:

- (a) the grant of an annuity to farmers aged between 55 and 65. The national expenditure will be eligible for aid from the Community up to 900 u.a. per year in the case of a married farmer and 600 u.a. per year in the case of a single farmer;
- (b) the grant of a lump-sum premium to each farmer ceasing agricultural activity calculated on the basis of the utilized agricultural area. This premium is not eligible for aid from the EAGGF;
- (c) the grant, under certain conditions, of the annuity laid down at (a) to permanent family or hired workers who cease working in agriculture.

The desired effect of the project is to improve agricultural incomes by encouraging the increase in the average size of farms, by giving priority to those farms which have development plans and by withdrawing certain areas of land from agricultural use by re-allocating them for the purposes of afforestation, recreation and public health.

The EAGGF Guidance Section refunds to Member States 25% of the expenditure eligible for aid. However, in certain agricultural regions of Italy and Ireland where unfavourable conditions exist the EAGGF Guidance Section refunds 65% of the eligible expenditure.

It should be emphasized that the Commission has just placed before the Council a proposal for a Directive for adapting the amount expressed in units of account to the increase in the cost of living: in the case of Directive 72/160, this leads to an increase in these amounts of the order of 33%.

2. Type of expenditure

(a) Type

Subsidy in the form of a refund of the expenditure incurred by the Member States during the previous year.

(b) Breakdown

m u.a.

| | FRG | B | F | N | IT | LUX | UK | DK | IRL | Total |
|------|------|-------|-------|-------|-------------|-------|-------|----|-----|-------|
| 1977 | 0,18 | 0,008 | 1,218 | 0,009 | token entry | 0,004 | 0,002 | | | 1,4 |

3. Method of calculation and explanation of changes

The estimates of the expenditure of the EAGGF Guidance Section for 1977 are based on the national forecasts of expenditure to be incurred by the Member States in 1976.

m u.a.

| Commitments | Payments | | |
|-------------|----------|------|---------------------------|
| | 1977 | 1978 | 1979 and subsequent years |
| 1977 | 1,4 | 1,4 | - |

ITEM 8102 PROVISION OF SOCIO-ECONOMIC GUIDANCE FOR AND VOCATIONAL TRAINING BY PERSONS ENGAGED IN AGRICULTURE

1. Legal basis and description of the operation

(a) Legal basis

Directive 72/161/EEC of the Council of 17 April 1972 concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture (OJ No L 96, 23 April 1972).

(b) Description of the operation

The purposes of the operation are:

- (a) to provide farmers and their workers (both hired and family) with a greater degree of socio-economic guidance (Title 1);
- (b) to enable the latter to acquire new agricultural skills (Title 2).

A third objective, that of vocational retraining of persons engaged in agriculture who wish to take an occupation outside agriculture (Title 3) will be covered by the reformed European Social Fund.

The incentive scheme comprises:

- (a) the creation and development of services (or of special departments) providing socio-economic guidance;
- (b) the bearing of the cost of training and advanced training of the socio-economic counsellors;
- (c) bearing the cost of giving the persons engaged in agriculture themselves further training of a general, technical and economic nature;
- (d) setting up and developing training centres or in-service training courses.

The EAGGF Guidance Section bears 25% of the expenditure of the Member States in the context of this Directive and within the prescribed limits (i.e.: 7.500 u.a. in respect of a newly-appointed counsellor, 4.500 u.a. for a counsellor given training or advanced training, 1.500 u.a. for each farmer or agricultural worker having completed a course of vocational training or advanced vocational training) fixed by this Directive. In this respect, it should be emphasized that the Commission has just submitted to the Council a proposal for a directive aimed at adapting the amounts expressed in units of account to the increased cost of living. In the case of Directive 72/161, this will raise the amounts by some 33%.

2. Type and breakdown of the expenditure

(a) Type

Subsidy in the shape of a refund of expenditure incurred by the Member States in the previous year.

(b) Breakdown

in m u.a.

| FRG | B | F | N | IT | LUX | UK | DK | IRL | Total |
|------|------|------|------|-------------|-------|------|------|------|-------|
| 0,22 | 0,11 | 2,89 | 0,11 | token entry | 0,004 | 0,41 | 0,09 | 0,01 | 3,8 |

3. Method of calculation and explanation of the changes

The estimates of the expenditure of the EAGGF Guidance Section for 1977 are based on the national forecasts of expenditure to be incurred by the Member States in 1976.

m u.a.

| Commitments | Payments | | |
|-------------|----------|------|---------------------------|
| | 1977 | 1978 | 1979 and subsequent years |
| 1977 3,8 | 3,8 | - | - |

ITEM 8103 AGRICULTURE IN MOUNTANIOUS AREAS AND OTHER LESS-FAVOURED REGIONS

1. Legal basis and description of the operation

(a) Legal basis

Council Directive No 75/268 of 28 April 1975 on mountain and hill farming and farming in certain less-favoured areas (OJ No L 128/1 of 19 May 1975); Council Directive No 76/400 of 6 April 1976 amending Article 15 of Directive 75/268/EEC.

(b) Description of the operation

This operation falls within the framework of common operations having a general bearing on structural policy. It sets up a special system of aids for agricultural activities and to improve the farmers' incomes in less-favoured areas, in order to maintain these activities and consequently to ensure the maintenance of a minimum population and the conservation of the countryside in these areas.

The Member States have sent to the Commission the list of less-favoured agricultural areas which meet the criteria of Article 3 of Directive 75/268. The special system of aids comprises the following measures:

- a compensatory allowance fixed in the light of the permanent natural handicaps described at Article 3, in the form of aid to income;
- a system of incentives comprising:
 - . the grant - to farms capable of development - of more favourable financing conditions by:
 - a reduction of the minimum charge borne by the recipient of the incentive provided for in Article 8 of Directive No 72/159,
 - an interest rate subsidy;
 - . the payment of a guidance premium to encourage the production of beef, veal, sheepmeat or goatmeat;
 - . aid for investments in the tourist or craft industry carried out in less-favoured farming areas which are suitable for the development of such industries.
- aids to joint investment schemes for fodder production and to improvement and equipment schemes for pasture and hill grazing land which is used jointly;
- grant of national aids for investments in accordance with Article 12.

It should be stressed that the Commission has just forwarded to the Council a proposal for a directive to adapt the amounts expressed in units of account to the trend of the cost of living. In the present case, this leads to an increase of about 8% in the maximum and minimum amounts contained in the following table.

| Type of inter-vention | Conditions | Amount | Participation by the Guid. Sect. of the EAGGF |
|--|---|---|---|
| 1. <u>Compensatory allowance</u> | <ul style="list-style-type: none"> Farms \geq 3 ha Undertaking by the farmer for at least 5 years | Min. 16 u.a./LU/ha* or 16 u.a./ha for mountain areas | <p>25% in principle but</p> <p>35% for Ireland and Italy (Directive 76/400)</p> |
| a. for pro-duction of beef, veal, sheepmeat and goatmeat | <ul style="list-style-type: none"> All less favoured areas | Max. 52,50 u.a./LU and Total allowance \leq 50 u.a. farm's total area under forage crops (ha) | |
| b. milk cows | <ul style="list-style-type: none"> mountain areas¹ areas threat-ened with de-population² less-favoured areas suitable with tourist or craft industry³ | <ul style="list-style-type: none"> Max. 10 cows Allowance \leq 80% of the unit amount for the allowance gran-ted to the other LU of the area | |
| c. other pro-duction | <ul style="list-style-type: none"> mountain areas | <ul style="list-style-type: none"> Max. 52,50 u.a./ha | |
| 2. <u>Scheme of en-couragement</u> | <ul style="list-style-type: none"> non-agricul-tural income \leq 50% of the agricultural income non-agricul-tural income \geq 70% of income or compar-able work Investment in³ for a maximum amount of 10.000 u.a. per farm | | |
| a. minimal charge | | <ul style="list-style-type: none"> 2% \leq 1 \leq 3% | <ul style="list-style-type: none"> at 25% (35% for Ireland and Italy) |
| b. interest-rate sub-sidy | <ul style="list-style-type: none"> on an amount \leq 40.000 u.a./man work unit | <ul style="list-style-type: none"> max. 7% | |
| c. guidance premium | <ul style="list-style-type: none"> Minimum 0,5 LU/ha of area under forage crops. | | |
| 3. <u>Aid for coll-ective invest-ments</u> | | | <ul style="list-style-type: none"> max. 20.000 u.a./collective invest-ment/100 u.a./ha pasture or mountain pasture |
| 4. <u>National aid</u> | | | <ul style="list-style-type: none"> No contribution |

*Livestock unit: a conversion table is given in the Annex to Directive 75/268.

2. Type and breakdown of the expenditure

(a) Type

Subsidy in the form of a refund of the expenditure incurred by the Member States during the preceding year.

(b) Breakdown

m u. a.

| EAGGF expenditure in 1977 | FRG | B | F | N | IT | LUX | UK | DK | IRL | Total |
|---------------------------|-----|------|------|-------------|------|------|------|----|------|-------|
| | 5,7 | 1,56 | 14,5 | token entry | 25,2 | 0,43 | 22,5 | - | 4,41 | 74,3 |

3. Method of calculation and explanation of changes

The estimates of the expenditure of the EAGGF Guidance Section for 1977 are based on the national forecasts of expenditure to be incurred by the Member States in 1976.

m u.a.

| Commitments | | Payments | | |
|-------------|------|----------|------|---------------------------|
| | | 1977 | 1978 | 1979 and subsequent years |
| 1977 | 74,3 | 74,3 | - | - |

ITEM 8104 AFFORESTATION OPERATION

New operation

1. Legal basis and description of the operation

(a) Legal basis

Amended proposal for a directive on afforestation measures based on Article 6 of Council Regulation No 729/70/EEC of 28 April 1970 on the financing of the common agricultural policy.

(b) Description of the operation

The aim of the operation is to launch a scheme promoting afforestation measures to supplement the measures to improve agricultural structures and, in particular Directives No 72/159 and 72/160, and, in a wider context, to make forests an efficient means of land utilization.

The Commission proposes a system of aids and premiums over ten years (to be reviewed after five years) for the following:

- afforestation grant (between 40 and 90% of the cost, average 60%);
- capital grant (240 u.a. per hectare);
- grant for the conversion of woodlands.

The EAGGF, Guidance Section, reimburses 25% of the eligible expenditure; however, there are certain limits on its contributions (240 u.a./hectare, 3.000 u.a./km).

2. Type of expenditure

Subsidy

3. Method of calculation and explanation of changes

The total cost is based on a series of estimates on:

- the areas to be afforested: + 10-20% per year (70.000 hectares in 1977);
- the areas to be converted (4.000 hectares in 1977);
- the construction of forest roads (1.700 km per year in 1977 and 1978, 1.800 km in 1979 and 1.900 km in 1981).

The cost of recreational facilities is estimated to be 10% of these operations.

The estimated cost is put at 88,47 m u.a. to be spread over five years beginning in 1978. If the directive is applied in some Member States from 1976, expenditure may be reimbursed by the EAGGF Guidance Section from 1977.

| Commitments | Payments | | | Total |
|------------------|-------------|------|------|-------------|
| | 1977 | 1978 | 1979 | |
| 1977 token entry | token entry | - | - | token entry |

New operation

ITEM 8105 YOUNG FARMERS

1. Legal basis and description of the operation

Commission proposal to the Council of 3 December 1974. The Commission proposes to give a lump-sum and degressive aid to young farmers (under forty) while they are implementing a development plan (maximum of five years). Duration of the operation: seven years. The aid is intended to offset the additional expenditure incurred by young farmers who have been farming for only a short time and are implementing a development plan.

The EAGGF will reimburse 25% of eligible expenditure incurred by the Member States.

2. Type of expenditure

Subsidy

3. Method of calculation and explanation of changes

The aid is calculated on the basis of the number of plans implemented (90.000 in 1977; the number rises year by year) and the percentage of farmers who are eligible for the aid (40% of the farmers covered by Directive 72/159/EEC).

| Commitments | Payments | | | Total |
|-------------|----------|------|------|-------|
| | 1977 | 1978 | 1979 | |
| 1977: 4,0 | 4,0 | - | - | 4,0 |

m u.a.

CHAPTER 82 JOINT SCHEMES IN THE MARKETING AND PROCESSING OF
ARTICLE 820 AGRICULTURAL PRODUCTS (UNDER THE COUNCIL RESOLUTION
OF 25 MAY 1971)

ITEM 8200 GROUPS OF PRODUCERS AND THEIR ASSOCIATIONS

1. Legal basis and description of the operation

(a) Legal basis

Amended proposal for a Commission regulation to the Council of August 1972 on groups of producers and their associations.

(b) Description of the operation

The Commission proposes to give lump-sum aid or aid corresponding to a proportion of the value of the products marketed and interest subsidies to recognized groups of producers and their associations with a view to encouraging the formation and operation of such groups. This will stabilize agricultural markets by centralization of supply and the joint adaptation to market requirements.

These aids consist of:

- subsidized interest rates (maximum of 5% over 15 years);
- loan guarantees;
- lump-sum aid of 50.000 u.a. to encourage the formation of such groups.

The EAGGF, Guidance Section, will reimburse to the Member States 25% of eligible expenditure.

2. Type of expenditure

Subsidy

3. Method of calculation and explanation

Formation of groups: the proposed aid is a proportion of the value of the products marketed by the group, is degressive (first year: 3%, second year: 2% and third year: 1%) and has a ceiling;

Operation: the subsidy takes the form of investment aid (5% or more depending on the situation on the capital market; interest subsidy over a maximum of 15 years; of minimum of 3% (or 2% in certain regions) to be borne by recipient)(Article 4), or maximum lump-sum aid of 50.000 u.a. (Article 5).

Payment schedule

The cost is put at 123 m u.a. for the first five years from 1977 of which expenditure will account for only 1 million u.a.

| Commitments | Payments | | | |
|-------------|----------|------|------|-------|
| | 1977 | 1978 | 1979 | Total |
| 1977 1 | 1 | - | - | 1 |

m u.a.

1. Legal basis and description of the operation(a) Legal basis

Council Regulation (EEC) No 1696/71 of 26 July 1971 (OJ No L 175, 4 August 1971) on the common organization of the market in hops.

(b) Description of the operation

The aim of this common operation is to encourage the formation and operation of groups of producers (and their associations) in the hop sector so that growers can jointly adapt their produce to the requirements of the market, improve production by switching to other varieties and reorganizing hop gardens and rationalize and mechanize cultivation and harvesting operations to produce better yields.

The system of aids consists of:

aid for the formation and operation of recognized groups;
aid for a changeover to other varieties and reorganization of hop gardens.

The first type of aid will be 3% of the value of the products recognized to have been marketed in the first year, 2% for the second year and 1% for the third year. The second type of aid will be a maximum sum of 1.500 u.a. per hectare.

The Community will finance 25% of the expenditure incurred by the Member States in the first case and 50% in the second.

2. Type and breakdown of the expenditure(a) Type

Subsidy

(b) Breakdown

| | |
|--|--------------|
| Aid for the formation of groups | 100.000 u.a. |
| Aid for the reorganization of production | 300.000 u.a. |

3. Method of calculation and explanation of changes

The operation is due to end in 1978. Under Title III (Producer groups) of Council Regulation No 1696/71 on the common organization of the market in hops aid was granted to recognized hop producer groups for a period of three years from the date of their recognition and in order to enable producer groups to change over to other varieties and reorganize their hop gardens by 31 December 1975.

The following timetable was drawn up on the basis of the estimates of expenditure sent by the Member States:

| Commitments | Payments | | | |
|-------------|----------|------|------|-------|
| | 1977 | 1978 | 1979 | Total |
| 1977: 0,5 | 0,5 | - | - | 0,5 |

m u.a.

New operation

ITEM 8202 MARKETING AND PROCESSING OF AGRICULTURAL PRODUCTS

1. Legal basis and description of the operation

Proposal from the Commission to the Council, of 11 August 1975 (OJ No C 218/4). The Commission proposes to give aid to public, semi-public or private investment projects over a period of ten years. It proposes a specific Community programme to replace the aid granted under Regulation No 17/64/EEC (individual projects).

The operation is intended to improve the processing and marketing conditions for agricultural products, to enable the processing and marketing sectors to offer reasonable prices to producers of basic agricultural products, create a larger and more regular demand for them and promote exports and facilitate the sale of agricultural products from remote regions within the Community.

Assistance from the EAGGF, Guidance Section, will take the form of capital grants covering a maximum of 25% of the value of the investment.

2. Type of expenditure

Subsidy

3. Method of calculation and explanation of the expenditure

The aid is calculated on the basis of the average amount of the aids granted by the EAGGF to processing industries since 1968 (80,45 m u.a.). The desired objective is to achieve an annual investment of 320 m u.a. (10% of total Community investments). The EAGGF reimburses approximately 25% of investment costs. The future cost is limited to 400 m u.a. over a period of five years beginning in 1977.

The expenditure to be charged to the EAGGF, Guidance Section, has been estimated by DG VI as follows:

| COMMITMENTS | m u.a. | | | | | | |
|-------------|----------|------|------|------|------|--------------|-------|
| | PAYMENTS | | | | | | |
| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 onwards | TOTAL |
| 1977: 80 | 8 | 12 | 16 | 16 | 8 | 20 | 80 |

ITEM 8203 AID TO BEEKEEPERS' ASSOCIATIONS

1. Legal basis and description of the operation

Commission proposal to the Council (COM(75) 588 final). The Commission proposes that the Member States introduce a system of aid of 1,2 u.a. per hive in production of the members of the beneficiary associations per marketing year. The aim of the operation is to encourage economic organization of beekeepers in order to stabilize the yield of agricultural crops through the action of pollination.

The EAGGF, Guidance Section, will finance 50% of national expenditure.

2. Type of expenditure

Subsidy

3. Method of calculation

In all, 80% of the three million bee hives in the Community are owned by beekeepers who are members of associations. The total amount of aid for these two and a half million hives is 3 m u.a. per year. The aid will be granted for three successive marketing years, beginning with the 1975/76 marketing year.

Future cost

The EAGGF, Guidance Section, will reimburse 50% of the aid paid by the Member States. The future cost is put at 4,5 m u.a. over three years beginning with the 1977 financial year. Expenditure by the EAGGF, Guidance Section, can be broken down as follows:

m. u.a.

| COMMITMENTS | PAYMENTS | | | |
|-------------|----------|------|------|-------|
| | 1977 | 1978 | 1979 | TOTAL |
| 1977: 1,5 | 1,5 | - | - | 1,5 |

CHAPTER 83 JOINT SCHEMES IN PARTICULAR SECTORS

ARTICLE 830 FISHERIES SECTOR

ITEM 8300 CONVERSION IN THE COD-FISHING SECTOR

The last expenditure (1,2 m u.a.) will be made in 1976 on this project, which is based on Council Regulation (EEC) No 2722/72 of 19 December 1972 on the financing by the EAGGF, Guidance Section, of a conversion project in the cod-fishing industry. No expenditure is planned for 1977 or subsequent years.

ITEM 8301 CONVERSION IN THE DEEP-SEA FISHING SECTOR

This item is intended to cover the expenditure which will arise from a proposal for a joint scheme which the Commission is to submit to the Council on the basis of the statement contained in the minutes of the Council meeting of 5 and 6 December 1972.

Since this proposal has not yet been presented by the Commission to the Council, no expenditure is planned for 1977.

Historical Archives of the European Commission

ARTICLE 830 FISHERIES SECTOR

ITEM 8302 CONVERSION IN THE INSHORE FISHING SECTOR

1. Legal basis and description of the operation

(a) Legal basis

Proposal for a regulation submitted by the Commission to the Council on 28 November 1975 with a view to the reorganization of inshore fishing; it has not yet been adopted.

(b) Description of the operation

The aim of this regulation is to adapt fleets and other capital equipment to the possibilities which exist for exploiting the halieutic resources of the traditional fishing or fish-farming areas, and in this way guarantee a fair income to the active population in the inshore fishing sector and avoid over-fishing. To this end the Commission proposes that the EAGGF Guidance Section contribute to:

- the conversion of fleets and fish, crustacea and mollusc farms,
- the conversion and development of conserving and processing facilities,
- retirement from fishing.

The implementation of these restructuring measures forms part of the multi-annual regional programmes, which fix production objectives and the methods likely to achieve an equilibrium between access to a fair income and the safeguarding of halieutic stocks in the fishing and fish-farming areas in question.

In the framework of these regional programmes, the Member States will finance investment projects and a Community subsidy of up to 25% of the total investment will be granted in the form of capital aid from the EAGGF. The aid is intended for the scrapping of the old fleet and the construction of new vessels.

Under the same terms, an aid will be allocated to develop the farming of fish, crustacea and molluscs breeding and to set up on land conserving, processing and marketing facilities.

The participation of the Member States concerned may not be lower than 40% of the sum granted by the Fund and that of the beneficiary must amount to at least 50% of the investment.

In addition the EAGGF will cover 25% of an average annuity of 800 u.a. allocated by the Member States to fishermen who decide to leave the fishing industry.

Where research and vocational training are concerned, aid from the Fund is limited to 5% of the total amount accorded to such projects.

On the sale of a vessel to a demolition yard, 200 u.a. are to be paid per tonne of gross registered tonnage.

For the replacement of fleets in the fish-farming, crustacea and molluscs sector, the proposed aid from the Fund is set at 25% of a fixed amount of 80 m u.a.

2. Type of expenditure

Subsidy

3. Method of calculation and explanation of expenditure

| Aim | Calculation of total expenditure ¹ | EAGGF refund rate | EAGGF cost expressed in m u.a. |
|--|---|-------------------|--------------------------------|
| Conversion of fleets | | | |
| - replacement of fleets | 40.000 grt x 4.000 u.a. = 160 m u.a. | 25% | 40 |
| - retirement of fishermen | 16.000 x 800 (u.a.) x 5 (yrs) = 104 m u.a. | 25% | 26 |
| - scrapping of outdated vessels | 80.000 grt x 200 = 16 m u.a. | | 16 |
| - fish, crustacea and molluscs farms | 80 m u.a. as a fixed sum | 25% | 20 |
| - Term investment projects (about 20 per year) | 12 m u.a. x 5 (yrs) = 60 m u.a. | 25% | 15 |
| - research programmes | fixed cost of 4 m u.a. | 25% | 1 |
| Total | | | 118 |

¹ grt = gross registered tonnage.

DG VI proposes staggering the expenditure of 118 m u.a. to be paid by the EAGGF over a period of five years as from 1977, and plans the following appropriations for the 1977 financial year:

in m u.a.

| Commitments | Payments | | | |
|-------------|----------|------|------|-------|
| | 1977 | 1978 | 1979 | Total |
| 1977: 15 | 5 | 5 | 5 | 15 |

ARTICLE 831 BEEF AND VEAL SECTOR

ITEM 8310 PREMIUMS TO ENCOURAGE THE DEVELOPMENT OF BEEF AND VEAL PRODUCTION

1. Legal basis and description of the operation

(a) Legal basis

Council Regulation (EEC) 1353/73 of 15 May 1973 (OJ No L 141, 28 May 1973) introducing a premium system for the conversion of dairy herds to meat production and a premium for expanding the breeding of beef cattle.

(b) Description of the operation

The operation aims at reducing the beef and veal shortage and cutting back the surplus in the production of milk.

For this purpose premiums are accorded to farmers keeping at least eleven dairy cows. The granting of the premium is subject to the condition that they give up dairy production for at least four years with an undertaking to keep at least as many adult beef cattle as dairy cows. The amount of the premium is 7,5 u.a. per 100 litres of milk or milk products. The premium for expanding the raising of cattle for meat production is 240 u.a. per supplementary cow kept on the holding, on condition that the beneficiaries keep at least five cows or in-calf heifers of beef breed and agree to keep at least eight during the four years. These premiums are granted in those regions of the Community where the average milk prices paid to the producer in the 1972/73 milk year are higher than 125% of the target price for milk that same year. The rate of refund to be borne by the EAGGF Guidance Section is 50% of the eligible expenditure of the Member States.

2. Type of expenditure: Subsidy

3. Method of calculation and explanation of changes

It is planned that refunds should not be made all at once, but in the form of payments on account, enabling the Commission to check the applications for refunds.

Beneficiaries had to submit applications by 31 December 1974. Initial refunds were made in 1975. For 1977, expenditure estimates drawn up by DG VI are based on the following assumptions:

ARTICLE 832 FRUIT AND VEGETABLE SECTOR

ITEM 8321 REORGANIZATION OF HORTICULTURAL PRODUCTION
IN GREENHOUSES

1. Legal basis and description of the operation

Proposal for a regulation presented by the Commission to the Council in May 1975. The Commission is proposing a non-recurring grant for the demolition of greenhouses and an undertaking that the area under glass will not be increased for a period of six years.

The aim of the operation is to enable producers to give up their horticultural production in greenhouses which has become too expensive following the rise in energy costs.

2. Nature of the expenditure

Subsidy

3. Method of calculation and explanation of the expenditure

The aid is calculated as follows: 10% of the total area in the Community under glass, estimated at 10.000 ha is to be abandoned. The proposed aid equals 3,5 u.a./m².

$$3,5 \text{ (u.a.)} \times 10.000.000 \text{ (m}^2\text{)} = 35 \text{ (m u.a.)}$$

The operation should result in the demolition of 1.000 ha of greenhouses.

Estimated cost

The Guidance Section of the EAGGF will reimburse 25% of the eligible expenditure, i.e., 35 m u.a. x 25% = 8,8 m u.a. spread over three years, 40% of which in 1977:

| m u.a. | | | | |
|-------------|-----|----------|------|------|
| Commitments | | Payments | | |
| | | 1977 | 1978 | 1979 |
| 1977 | 3,5 | 3,5 | - | - |
| | | Total | | |
| | | 3,5 | | |

| Number of cows | Premium (u.a.) | National expenditure expressed in m u.a. |
|----------------|----------------|--|
| 375.000 | 60 | 22,5 |

Consequently, estimates of expenditure to be borne by the EAGGF Guidance Section for 1977 are as follows:

in m u.a.

| COMMITMENTS | | PAYMENTS | | | |
|-------------|----|----------|------|------|-------|
| | | 1977 | 1978 | 1979 | Total |
| 1977 | 11 | 11 | - | - | 11 |

ITEM 8322 REORGANIZATION OF FRUIT PRODUCTION1. Legal basis and description of the operation(a) Legal basis

- Council Regulation (EEC) No 794/76 of 6 April 1976 laying down further measures for reorganizing Community fruit production.

(b) Description of the operation

- Fruit producers shall under certain conditions qualify for a variable premium (not exceeding 1.100 u.a. per hectare) for grubbing, before 1 April 1977, apple trees of the 'Golden Delicious', 'Starking Delicious' and 'Imperatore' varieties and pear trees of the 'Passe Crassane' variety and trees of other varieties necessary for the fertilization of the varieties to be grubbed.

The aim of the operation is to reduce the structural surplus of Community fruit production (-128.250t). It is hoped that there will also be financial consequences for the EAGGF Guarantee Section (-6,9 m u.a. per annum) provided that there is a surplus qualifying for withdrawal and that the withdrawal price is 54 u.a./t.

The EAGGF Guidance Section will refund 50% of the premiums paid by the Member States.

2. Type of expenditure: Subsidy3. Method of calculation and explanation of the expenditure

The total expenditure of the Member States is based on the following calculation:

Surface grubbed (15.500 hectares) x premium (11.100 u.a./hectare) = 17,1 m u.a.

The EAGGF Guidance Section will refund 50% of the premiums paid by the Member States from 1977 onwards = 8,55 m u.a. over two years.

| | | m u.a. | | |
|-------------|-----|----------|------|--------------|
| Commitments | | Payments | | |
| | | 1977 | 1978 | 1979 onwards |
| 1977 | 4,3 | 4,3 | - | - |

ARTICLE 834 STRUCTURE OF THE FARMING SECTORITEM 8340 STATISTICAL SURVEYS ON STRUCTURES OF AGRICULTURAL HOLDINGS

On 19 December 1974 the Council adopted a Directive on the organization of a structures survey for 1975 as part of the programme of surveys on the structure of agricultural holdings. The expenditure involved in implementing this Directive will be 5.200.000 u.a. in 1976; no expenditure is planned for 1977.

ARTICLE 835 WINE SECTOR

ITEM 8350 CONVERSION PREMIUM IN THE WINE-GROWING SECTOR

1. Legal basis and description of the operation

- Council Regulation of 27 April 1976 (Council document No R/996).

The Commission is proposing a graduated scale of premiums for the grubbing of vines over a period of three years. The aim of the operation is to reduce the structural surplus in wine and the cost to the EAGGF of stabilizing the market.

It is hoped that the action will:

- (i) reduce the annual production of wine by 7.050.000 hl, and
- (ii) cut expenditure on distillation for the Guarantee Section of the EAGGF by 63,45 m u.a. in 1977.

The Guidance Section of the EAGGF will reimburse 50% of the premiums paid by Member States.

2. Nature of the expenditure: Subsidy

3. Method of calculation and explanation of the expenditure

The amount of the premium calculated per hectare of vines grubbed is designed both to cover the cost of grubbing (= 500 u.a.) and to compensate for loss of income. It is based on the average productivity of vineyards and is degressive in order to encourage producers to carry out the grubbing operation as quickly as possible.

The following premiums are proposed:

| Wine-growing year | High premium u.a./ha grubbed | Normal premium u.a./ha grubbed | Low premium u.a./ha grubbed |
|-------------------|------------------------------|--------------------------------|-----------------------------|
| 1976/77 | 3.000 | 1.500 | 1.000 |
| 1977/78 | 2.800 | 1.400 | 900 |
| 1978/79 | 2.600 | 1.300 | 800 |

The area estimated suitable for grubbing is as follows:

| Wine-growing year | High premium ha | Normal premium ha | Low premium ha |
|-------------------|-----------------|-------------------|----------------|
| 1976/77 | 2.000 | 36.000 | 12.000 |
| 1977/78 | 1.500 | 28.500 | 10.000 |
| 1978/79 | 1.000 | 21.000 | 8.000 |

The total cost to the EAGGF Guidance Section is estimated at 80,6 m u.a. over four years from 1977, for which expenditure has been estimated at 8 m u.a.

| Commitments | Payments | | |
|-------------|----------|------|--------------|
| | 1977 | 1978 | 1979 onwards |
| 1977 8,0 | 8,0 | - | - |

m u.a.

ARTICLE 836

MILK SECTOR

New operation

ITEM 8360

SUBSIDIES FOR THE NON-MARKETING OF MILK AND MILK PRODUCTS

1. Legal basis and description of the operation

(a) Legal basis

Proposal from the Commission under the 1976/77 "price package" (15 December 1975).

(b) Description of the operation

The Commission is proposing a graduated scale of subsidies for the non-marketing of milk and milk products over five years. The aim of the operation is to reduce the structural surplus in milk products. The Council has planned to make a decision before 31 July 1976 as part of the measures to be taken to restore the balance in the milk market.

2. Nature of the expenditure

Subsidy

3. Method of calculation and explanation of changes

(a) Method of calculation

The amount of aid per 100 kg is graduated according to the quantities supplied in 1975. The following subsidies are proposed:

| | |
|------------------------|-----------------|
| - below 30.000 kg | 14 u.a./100 kg |
| - 30.000 to 60.000 kg | 12 u.a./100 kg |
| - 60.000 to 120.000 kg | 10 u.a./100 kg. |

(b) Explanation of changes

The operation will enable annual milk production to be reduced by 2,75% (a reduction of 2.800.000 litres out of 102.000.000 l). It will also cut expenditure by the Guarantee Section of the EAGGF in 1977 by 220 m u.a. (primarily through a lower output of butter and milk powder).

The Guidance Section of the EAGGF will reimburse 50% of the subsidies paid by the Member States. The first reimbursements could be made in 1978. As a result there will have to be a token entry in 1977.

in m u.a.

| Commitments | Payments | | | |
|-------------------|-------------|------|------|-------------|
| | 1977 | 1978 | 1979 | Total |
| 1977: token entry | token entry | - | - | token entry |

CHAPTER 87

APPROPRIATIONS INTENDED TO COVER EXPENDITURE ON
JOINT SCHEMES AND PARTICULAR MEASURES

This Chapter, initially intended as a budget entry for funds to finance joint schemes and particular measures during the financial year where the appropriations allocated to these schemes proved insufficient, is henceforward no longer justified.

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CHAPTER 88 APPROPRIATIONS SET ASIDE IN PREVIOUS BUDGETS TO
FINANCE EXPENDITURE UNDER CHAPTERS 81 TO 83

This chapter, which involves no expenditure of any sort, serves as a budget heading to permit the entry in the remarks column of appropriations reserved for joint schemes undertaken during previous financial years (the Mansholt reserve).

There were 529.841.979 u.a. in the Mansholt reserve on 26 May 1976.

The last increase of 269.833 u.a. was made in 1975 (Regulation (EEC) No 3309/75). No increase of the Mansholt reserve is proposed for 1976 or 1977.

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CHAPTER 89 SPECIAL MEASURES

ARTICLE 893 IMPROVEMENTS IN THE CITRUS FRUIT SECTOR

1. Legal basis and description of the operation

(a) Legal basis

Regulation (EEC) No 2511/69 of the Council of 9 December 1969 (OJ No L 318, 18 December 1969) laying down special measures for improving the production and marketing of Community citrus fruit.

(b) Description of the operation

This is the second of five special measures still being applied and financed by the EAGGF Guidance Section. The products covered are oranges and mandarins. The operation comprises two types of measures:

- short-term measures aimed at promoting production and marketing on the Community's markets of imported citrus fruit and paying financial compensation, to be financed by the EAGGF Guarantee Section, to sellers who have entered into contracts to ensure the regular flow of supplies to these markets;

- medium-term measures chiefly aimed at:

making provision for conversion aimed at improving the pattern of varieties produced. Growers who replant in this way, in accordance with the conditions laid down in Article 4 of Regulation No 2511/69, receive supplementary aid paid in order to make up for losses arising from the said operation;

adapting the presentation of the products to marketing conditions on the Community's import markets;

improving the technical processing means.

The EAGGF bears 50% of the aids granted by the Member States.

2. Type and breakdown of the expenditure

(a) Type: subsidy

(b) Breakdown

- aid for replanting orange and mandarin plantations (the aid must cover all expenditure);

- supplementary aid granted to farmers following a replanting operation (1.000 u.a. per hectare converted from orange trees, 1.200 u.a. per hectare converted from mandarin trees);
- expenditure in the form of investment in packaging centres, storage and processing units (part of the expenditure is borne by the beneficiary).

3. Method of calculation and explanation of changes

The operation was very slow in getting under way. However, forecasts provided by the Italian Government (chief beneficiaries of this measure) lead DG VI to estimate the amount shown below (to be borne by the EAGGF Guidance Section) for 1977.

| | | | | m u.a. | |
|-------------|----|----------|------|--------|-------|
| Commitments | | Payments | | | |
| | | 1977 | 1978 | 1979 | Total |
| 1977 | 15 | 15 | - | - | 15 |

TITLE 9 EXPENDITURE ON COOPERATION WITH THE DEVELOPING
 COUNTRIES - FOOD AID EXPENDITURE AND OTHER
 EXPENDITURE

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CHAPTER 92 FOOD AID

in u.a.

| Article Item | Heading | Appropriations 1976 ¹ | Estimates 1977 | Change between 1976 and 1977 | |
|-----------------|---|-------------------------------------|--------------------|---------------------------------|---------------|
| | | | | Amount | % |
| 920 | <u>Food aid: cereals</u> | | | | |
| 9200 | Programmes prior to 1977 | 5.630.000 ² | 5.000.000 | - 630.000 | - 11,19 |
| 9201 | 1977 programme | 97.970.000 | 162.750.000 | + 64.780.000 | + 66,13 |
| 921 | <u>Food aid: milk products</u> | | | | |
| 9210 | Programmes prior to 1977 | 36.770.000 ² | token entry | - 36.770.000 | - 100 |
| 9211 | 1977 programme for skimmed-milk powder | 76.980.000 ³ | 58.850.000 | - 18.130.000 | - 23,55 |
| 9212 | 1977 butteroil programme | 68.950.000 | 58.190.000 | - 10.760.000 | - 15,61 |
| 922 | <u>Food aid: sugar</u> | | | | |
| 9220 | Programmes prior to 1977 | token entry | token entry | - | - |
| 9221 | 1977 programme | 2.330.000 | 4.210.000 | + 1.880.000 | + 80,69 |
| 923 | <u>Food aid: other commodities</u> | token entry | 20.000.000 | + 20.000.000 | - |
| 924 | <u>Other expenditure</u> | 1.000.000 | 1.000.000 | - | - |
| | TOTAL CHAPTER 92 | 289.630.000 | 310.000.000 | + 20.370.000 | + 7,03 |

¹Including transfer of 8.4.1976 and Supplementary Budget in preparation.

²Transfer from Title 6 decided on 8.4.1976.

³Including 36.350.000 u.a. entered into Budget and 40.630.000 u.a. provided by the Supplementary Budget in preparation.

CHAPTER 92 FOOD AID

ARTICLE 920 FOOD AID: CEREALS

Item 9200 Programmes prior to 1977
Item 9201 1977 programme

1. Legal basis and description of the operation

(a) Legal basis

- the 1971 Food Aid Convention, which is part of the International Wheat Agreement and which has been extended twice, expires on 30 June 1976. The Commission has proposed a further extension until 30 June 1978 to the Council, which should take a decision in the very near future. (Doc. COM(76)16 of 20 January 1976).
- Memorandum on food aid policy of the European Economic Community (Communication from the Commission to the Council) of 6 March 1974 (Doc. COM(74)300 final of 6 March 1974).

(b) Description of the operation

The aim of the operation is to supply 1.128.700 tonnes of wheat in 1977 to applicant developing countries which fulfil the following conditions:

- existence of a serious shortage of cereals;
- annual per capita income of less than \$300;
- precarious external financial situation.

The operation is also intended to provide help to the victims of disasters in developing countries. A certain stock of cereals is kept in reserve for this purpose. The main cereals supplied will be common wheat, rice, maize, sorghum or flour. The details of the programme for 1977 will be decided by the Council after the budget has been adopted.

(c) Type of expenditure

This expenditure covers the costs of acquiring the cereals, their dispatch to the port of shipment (fob stage) and, in the case of certain types of cereals, their dispatch to the port of unloading (cif stage) or even to the final place of destination. It does not cover the costs of export refunds, which are charged to the EAGGF Guarantee Section.

3. Method of calculation and explanation of changes

(a) Method of calculation¹

Food aid (cereals) is calculated at the world price as follows:

¹In accordance with the provisions of Regulation (EEC) No 2681/74 of 21 October 1974 (OJ L 288, 25 October 1974).

| <u>Wheat</u> | <u>in u.a.</u> |
|--|--------------------|
| <u>Calculation of the internal cost:</u> | |
| Quantity to be supplied at internal price ¹ | |
| 1.078.700 x 135,31 u.a./t | 145.958.897 |
| Quantity to be supplied x fob carriage costs ² | |
| 1.078.700 x 4 u.a./t | 4.314.800 |
| <u>To be deducted:</u> | |
| Amount of refunds ³ | |
| (Quantity to be supplied x rate of refund in u.a./t) | |
| 1.078.700 x 18,31 u.a./t | 19.750.997 |
| | <u>130.522.700</u> |
| <u>Rice</u> | |
| <u>Calculation of the internal cost:</u> | |
| Quantity to be supplied at internal price ⁴ | |
| 25.000 t ⁵ x 359,95 u.a./t | 8.998.750 |
| Quantity to be supplied x fob carriage costs ² | |
| 25.000 t x 6 u.a./t | 150.000 |
| <u>To be deducted:</u> | |
| Amount of refunds ³ | |
| (Quantity to be supplied x rate of refund in u.a./t) | |
| 25.000 t x 66,75 u.a./t | 1.668.750 |
| | <u>7.480.000</u> |
| <u>Application of conversion factor</u> | |
| Milled rice/husked rice | |
| 7.480.000 u.a. x 0,775 | + 5.797.000 |
| <u>Transport costs⁶ (for certain supplies only)</u> | |
| 600.000 t x 44 u.a./t | + 26.400.000 |
| <u>Total expenditure</u> | |
| at the world price which will be charged to | |
| Item 920 (rounded off) | 162.750.000 |

¹ Intervention price fixed by the Council plus expected increase for 1977.

² Lump sum to cover transport costs to the port of shipment, sacking and insurance charges.

³ This amount is charged to the EAGGF Guarantee Section.

⁴ Threshold price for round-grained milled rice.

⁵ Equivalent to 50.000 tonnes of cereals (according to rice/other cereals ratio of: 1 tonne rice = 2 tonnes other cereals)

⁶ Transport costs beyond fob stage (cif place of destination). These costs are calculated as a lump sum for the World Food Aid Programme and sometimes for other beneficiaries, if so provided for in the supply agreement.

(b) Change in expenditure from 1976 to 1977

| | 1976 | Request 1977 |
|-----------|-------------|------------------|
| Item 9200 | token entry | 5.000.000 u.a. |
| Item 9201 | 97.970.000 | 162.750.000 u.a. |

Explanation:

- Item 9200 (previous programmes)

Expenditure on previous programmes in 1976 was 26 million u.a., 21 million of which was covered (15,49 m u.a. automatically carried over and 5,63 m u.a. transferred from Title 6)¹. The balance of 5 million will be financed by appropriations transferred from Item 9201 (1976 programme). Since the 1976 programme will have a 5 million u.a. shortfall for its final implementation, it is requested that this amount be entered in the 1977 Budget.

- Item 9201 (1977 programme)

The following three factors are responsible for the increase:

- (a) increase in the quantity supplied (from 707.850 to 1.128.700 tonnes);
772.200 tonnes = 60% under the Food Aid Convention (instead of 707.850 tonnes = 55% in 1976) plus 356.500 tonnes on the basis of the Commission's Memorandum of March 1974. No appropriations had been earmarked for this operation in 1976.
- (b) foreseeable rise in the world price:
121 u.a./t instead of 103,9 u.a./t in 1976;
- (c) increase in the quantity to be carried beyond the fob stage:
600.000 tonnes instead of 360.000 tonnes in 1976.

ARTICLE 921 FOOD AID: MILK PRODUCTS

ITEM 9210 PROGRAMMES PRIOR TO 1977

1. Legal basis and description of the operation

See Items 9211 and 9212

2. Type of expenditure

This expenditure is intended to cover the costs (described under Items 9211 and 9212 above) of acquiring and transporting the quantities of skimmed milk powder and butteroil still required for programmes prior to 1977, with the exception of the costs of export refunds.

¹ Approved by the Council on 8 April 1976.

3. Method of calculation and explanation of changes

A token entry has been entered for this operation to cover any appropriations which might prove necessary to complete programmes prior to 1977. These appropriations will be calculated on the same basis as for Items 9211 and 9212.

ITEM 9211 1977 PROGRAMME FOR SKIMMED MILK POWDER

1. Legal basis and description of the operation

(a) Legal basis

- Articles 43 and 113 of the EEC Treaty and Council Regulation 804/68 of 27 June 1968 on the common organization of the market in milk and milk products.
- Council decision of 2 and 3 March 1976 raising the 1976 food aid programme to 200.000 tonnes.
- Memorandum on food aid policy of the European Economic Community (Communication from the Commission to the Council) of 6 March 1974 (Doc. COM(74)300 final of 6 March 1974).

(b) Description of the operation

The aim of the operation is to supply 150.000 tonnes of skimmed milk powder to developing countries and particularly to those countries which are in most need to cover their food shortage. These countries must fulfil the following three criteria:

- serious need for milk food;
- annual per capita income lower than \$300;
- precarious external financial situation.

A portion of the aid is earmarked for emergency help in the event of disasters. The milk is either supplied direct to the recipient countries or through international organizations. The details of the programme will be decided by the Council after the Budget has been adopted.

2. Type of expenditure

This expenditure is intended to cover the costs of acquiring the skimmed milk powder, its dispatch to the port of shipment (fob stage) and, in the case of certain supplies, dispatch to the port of unloading (cif stage) or even to the final place of destination. It does not cover the costs of the export refunds, which are charged to the EAGGF Guarantee Section.

¹In accordance with the provisions of Regulation (EEC) No 2681/74 of 21 October 1974 (L 288, 25 October 1974).

3. Method of calculation and explanation of changes

(a) Method of calculation¹

Food aid in the form of skimmed milk powder is calculated on the basis of the world price as follows:

| <u>Calculation of the total cost</u> | <u>in u.a.</u> |
|---|--------------------|
| Quantity to be supplied at the internal price ¹ | |
| 150.000 tonnes x 913,7 u.a./t | 137.055.000 |
| Quantity to be supplied x fob carriage costs ² | |
| 150.000 x 6 u.a./t | 900.000 |
| Transport costs ³ (for certain supplies only) | |
| 110.000 t x 165 u.a./t | 18.150.000 |
| | <u>154.105.000</u> |
| <u>To be deducted:</u> | |
| Amount of refunds ⁴ | |
| Quantity to be supplied at refund rate in u.a./t | |
| 150.000 t x 648,5 | 97.275.000 |
| <u>Total expenditure</u> | |
| at the world price which will be charged to Item 9211 (rounded off) | 58.850.000 |
| | <u>=====</u> |

(b) Change in the appropriation

The difference between the 1976 appropriation (36.350.000 u.a.) and the appropriation requested for 1977 (58.850.000 u.a.) is due to the fact that the quantity to be supplied has almost trebled (55.000 tonnes in 1976 and 150.000 tonnes in 1977)⁵ and that the world price has fallen (532 u.a./t in 1976 compared to 265,2 u.a./t expected for 1977). The supplementary budget which will be presented in accordance with the Council Decision of 2/3 March 1976 will provide for an increase in the appropriations for 1976 from 26.000.000 u.a. to 62.350.000 u.a.

¹Intervention price fixed by the Council.

²Lump sum to cover the dispatch costs to the port of shipment, sacking and insurance charges.

³Transport costs beyond the fob stage (cif place of destination). These costs are calculated as a lump sum for supplies under the World Food Aid Programme and sometimes for other beneficiaries if so provided for in the supply agreement.

⁴The cost of refunds is charged to the EAGGF Guarantee Section.

⁵50.000 tonnes pursuant to the Council Decision of 2 and 3 March 1976 and 100.000 tonnes under the medium commitment provided for in the Memorandum of 6 March 1974.

ITEM 9212: 1977 BUTTER/BUTTEROIL PROGRAMME

1. Legal basis and description of the operation

(a) Legal basis

Articles 43 and 113 of the EEC Treaty and Council Regulation 804/68 of 27 June 1968 on the common organization of the market in milk and milk products.

Memorandum on food aid policy of the European Economic Community (Communication from the Commission to the Council) of 6 March 1974 (Doc. COM(74)300 final).

(b) Description of the operation

The aim of the operation is to supply 45,000 tonnes of butteroil to developing countries and particularly to applicant countries in most need. A portion of this amount is earmarked for the victims of disasters. The recipient countries must fulfil the following three criteria:

- serious need for oils and edible oils;
- annual per capita income of less than \$300;
- precarious external financial situation.

The butteroil will be supplied either direct to the recipient countries or through international organizations. The details of the programme will be decided by the Council after the budget has been adopted.

2. Type of expenditure

This expenditure is intended to cover the costs of acquiring the products, their dispatch to the port of shipment (fob stage) and, in the case of certain supplies, to the port of unloading (cif stage) or even to the final place of destination. It does not cover the cost of export refunds, which are charged to the EAGGF Guarantee Section.

3. Method of calculation and explanation of changes

(a) Method of calculation¹

The cost of food aid in the form of butteroil is calculated on the basis of the world price as follows:

¹ Pursuant to the provisions of Regulation (EEC) No 2681/74 of 21 October 1974 (OJ L 288 of 25 October 1974).

| <u>Calculation of the total cost</u> | <u>in u.a.</u> |
|---|--------------------|
| Quantity to be supplied at the internal price ¹ | |
| 45.000 t x 2.660,58 u.a./t | 119.726.100 |
| Quantity to be supplied x processing costs | |
| 45.000 x 185 u.a./t | 8.325.000 |
| Quantity to be supplied x fob carriage costs ² | |
| 45.000 t x 6 u.a./t | 270.000 |
| Transport costs ³ (for certain supplies only) | |
| 35.000 t x 180 u.a./t | 6.300.000 |
| | <u>134.621.100</u> |
| <u>To be deducted</u> | |
| Amount of refunds ⁴ | |
| (quantity to be supplied x refund rate in u.a./t) | |
| 45.000 t x 1.698,70 | 76.441.500 |
| <u>Total expenditure</u> | |
| at the world price which will be charged to Item 9212 (rounded off) | <u>58.190.000</u> |
| | ===== |

(b) Change in appropriation

The difference in the 1976 appropriation (68.950.000 u.a.) and the appropriation requested for 1977 (58.190.000 u.a.) is due to the fact that the world price has dropped (1.427,39 u.a./t in 1976 and 1.146,88 u.a./t expected for 1977) and that the quantity to be supplied has remained the same (45.000 tonnes).

| | |
|--------------------|---------------------------------|
| <u>ARTICLE 922</u> | <u>FOOD AID: SUGAR</u> |
| <u>ITEM 9220</u> | <u>PROGRAMMES PRIOR TO 1977</u> |
| <u>ITEM 9221</u> | <u>1977 PROGRAMME</u> |

1. Legal basis and description of the operation

(a) Legal basis

- Agreement between the EEC and the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) relating to assistance to refugees in the Near East, concluded by the Council on 18 December 1972 and which expired on 30 June 1975 (OJ No L 304, 31 December 1972)

-
- ¹ Intervention price for butter fixed by the Council x the conversion factor for butter/butteroil.
- ² Lump sum to cover the transport costs to the port of shipment, insurance and packaging charges.
- ³ Transport costs beyond fob stage (cif place of destination). These costs are calculated as a lump sum for the World Food Aid Programme and for other recipients if so provided for in the supply agreements.
- ⁴ The refund costs are charged to the EAGGF Guarantee Section.

- A new agreement applicable from 1 July 1975 is in the process of being approved by the Council
- Council Regulation (EEC) No of 30 April 1976 on the supply of sugar to UNRWA as food aid pursuant to the Agreement of 1976 with that organization
- Memorandum on the EEC food aid policy (Commission Communication to the Council) of 6 March 1974 (COM(74)300 final, 6 March 1974).

(b) Description of the operation

The purpose of the operation is to supply 6153 metric tons of sugar to UNRWA for distribution to Palestinian refugees and 3847 metric tons to other developing countries.

2. Type

The expenditure is intended to cover all costs resulting from the acquisition and shipment of sugar to the agreed destination, with the exception of the cost of refunds which is borne by the Guarantee Section of the EAGGF.

3. Method of calculation and explanation of changes

(a) Method of calculation¹

The cost of food aid is fixed at the world market price, calculated as follows:

¹ As laid down in Regulation No 2681/74 of 21 October 1974 (OJ No L 288, 25 October 1974).

| | |
|---|-------------------------|
| - Total cost | <u>in u.a.</u> |
| Quantity to be supplied x internal price ¹ 10.000 t x 319,30 u.a./t | 3.193.000 |
| Quantity to be supplied x fob delivery component ² 10.000 t x 6 u.a./t | 60.000 |
| Shipping and distribution ³ 10.000 t x 96 u.a./t | <u>960.000</u> |
| | 4.213.000 |
| - To be deducted | |
| Refunds ⁴ (quantity to be supplied x rate of refund in u.a./t) | 0 |
| <u>Total expenditure</u> at world market price to be entered against Item 922 (rounded off) | <u><u>4.210.000</u></u> |

(b) Explanation of the changes

The change in the appropriation (2.330.000 u.a. in 1976; 4.210.000 u.a. requested for 1977) is accounted for by the following three factors:

- increase in the quantity to be supplied (6.000 t in 1976; 10.000 t⁵ in 1977)
- anticipated increase in world market price (279,60 u.a./t in 1976, 319,30 u.a./t in 1977)
- increase in quantities shipped beyond the fob point (6.100 t in 1976, 10.000 t in 1977)

¹ Intervention price of white sugar + Cat. I supplement + cost of packaging.

² Standard amount covering transport to the port of loading and insurance.

³ As regards the 6.153 t of sugar supplied to UNRWA, these costs cover shipping to the port of unloading. They also include a standard contribution to cover inland transport and distribution. As regards the 3.847 t intended for other recipients of aid, these costs cover transport cif (port of unloading) or delivered to the place of destination, as the case may be.

⁴ The cost of refunds is entered against the Guarantee Section of EAGGF.

⁵ Minimum commitment provided for in the Memorandum of 6 March 1974.

ARTICLE 923 FOOD AID: OTHER COMMODITIES

1. Legal basis and description of the operation

(a) Legal basis

Conclusion of the Council of 16 July 1974 (Doc. T/411/74 (GCD), 25 July 1974):

Agreement on the diversification of the range of products to be supplied and its adaptation to the needs of recipient countries taking into account the quantities available within the Community.

Memorandum on the EEC food aid policy (Commission Communication to the Council) of 6 March 1974 (Doc. COM(74) 300 final).

(b) Description of the operation

The operation is designed to supply to the developing countries products other than cereals, skimmed-milk powder, butteroil or sugar and, in particular, products providing a more balanced diet: in the main products of second-stage processing of cereals, dried eggs or dried fish, i.e. products with a very high protein content.

2. Type

The expenditure is intended to cover all costs resulting from the acquisition and supply of these products, with the exception of costs of refunds when the products concerned are subject to common organization of the market.

3. Method of calculation and explanation of changes

(a) Method of calculation

All-in estimate, not derived from a quantitative planning exercise.

(b) Explanation of changes

In 1976 no appropriation (token entry) was included for this operation.

The proposed amount (20.000.000 u.a.) constitutes the minimum commitment provided for in the Memorandum of 6 March 1974.

ARTICLE 924 OTHER EXPENDITURE

1. Legal basis and description of the operation

(a) Legal basis

Entry in the 1974 budget on the initiative of the European Parliament as emergency aid to the Sahel and again in 1975 and 1976 to cover emergencies.

(b) Description of the operation

The operation is designed to provide certain measures which are essential for the implementation of food-aid operations in special circumstances (serious emergencies) and for which other programmes make no provision (air transport, storage, etc.).

2. Type

The expenditure is intended to cover all costs resulting from the abovementioned operations.

3. Method of calculation and explanation of changes

Flat estimate. The amount is unchanged from the appropriation entered in 1976 (1.000.000 u.a.).

CHAPTER 93 - FINANCIAL AND TECHNICAL COOPERATION WITH NON-ASSOCIATED DEVELOPING COUNTRIES

| Article Item | Heading | Appropriations 1976 | Estimates 1977 | Change between 1976 and 1977 | |
|--------------|--|------------------------|-------------------|---------------------------------|--------|
| | | | | in u.a. | % |
| 930 | Financial cooperation with non-associated developing countries | 20.000.000 | 40.000.000 | + 20.000.000 | + 100 |
| 931 | Promotion of trade relations between the Community and non-associated developing countries | 4.340.000 | 4.500.000 | + 160.000 | + 3,7 |
| 932 | Projects to foster efforts towards regional or sub-regional integration between the developing countries | 260.000 | 400.000 | + 140.000 | + 53,8 |
| | Chapter 93 - Total | 24.600.000 | 44.900.000 | + 20.300.000 | + 82,5 |

CHAPTER 93 FINANCIAL AND TECHNICAL COOPERATION WITH THE NON-ASSOCIATED DEVELOPING COUNTRIES
(ex-Chapter 90)

ARTICLE 930 FINANCIAL COOPERATION WITH THE NON-ASSOCIATED DEVELOPING COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 16 July 1974 on financial and technical aid to the non-associated developing countries¹
- Commission Communication to the Council on financial and technical aid from the Community to the non-associated developing countries, 1976-80²

¹Doc. T/411/74 of 25 July 1974.

²Doc. COM(75)94 final of 5 March 1975.

- Entry of an appropriation of 20 million units of account in the 1976 Budget: after amendment by the European Parliament¹, Council Agreement of 3 December 1975 to the entry of 20 million units of account².

(b) Description of the operation

Financial aid is firstly to finance projects for agricultural and food development in the non-associated developing countries, in particular the poorest in Latin America and Asia. Secondly, these appropriations could be used to promote economic cooperation between the Community and the developing countries, and for emergency aid.

2. Type and breakdown of expenditure

(a) Type

The aid covered by the appropriations under Article 930 can assume three forms, according to the specific needs expressed by the recipient countries:

- aid for projects
- aid for programmes
- emergency aid.

(b) Breakdown

The appropriation entered for the first time in the 1976 Budget (20 million u.a.) was considerably below the figure in the proposals from the Commission⁴. The Council has not yet acted either on the Commission Communication on the use of this appropriation³ or on the general action programme for 1976-80⁴. It is therefore not yet possible to propose a precise breakdown of the appropriation between the types of operation mentioned above.

3. Method of calculation and explanation of changes

(a) Method of calculation

The method of calculation will be determined in the context of the implementation of the 1976 Budget and will depend upon the consideration given to the projects submitted to the Commission by would-be recipients.

¹ Amendment No 22 to the 1976 draft budget (Doc. 306/22/PdA), proposing to enter 40 million u.a. against Article 900.

² Summary of Council Decisions of 3 December 1975 (Doc. T/817/75).

³ Doc. SEC(76) 822 of 27 February 1976.

⁴ Doc. COM(75)94 final of 5 March 1975.

(b) Explanation of changes

The increase in appropriations entered against this Article (from 20 to 120 million u.a.) is due to the fact that the Council accepted only part of the Commission's proposals for 1976 (100 million u.a.) and the 120 million u.a. for 1977 equates to the figure in the Commission Communication of 5 March 1975. This amount is considered necessary to enable the Community to conduct a credible development aid policy towards the most underprivileged non-associated developing countries¹.

in million u.a.

| | | | | |
|---|-------------|----------|------|------|
| 1 | Commitments | Payments | | |
| | | 1977 | 1978 | 1979 |
| | 1977: 120 | 40 | 60 | 20 |

ARTICLE 931 PROMOTION OF TRADE RELATIONS BETWEEN THE COMMUNITY AND NON-ASSOCIATED DEVELOPING COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 30 April 1974 on promotion of exports from non-associated developing countries¹
- Commission Communication to the Council on financial and technical aid from the Community to the non-associated developing countries, 1976-1980².

(b) Description of the operation

The operation is broken down into a number of activities, with two objectives:

- to facilitate the marketing of products from the developing countries on the Community market;
- to encourage the developing countries to extend their production of exportable goods.

¹Summary of Council Decisions of 30 April 1974 (Doc. T/230/74).
²Doc. COM(75) 95 final of 5 March 1975.

2. Type and breakdown of expenditure

(a) Type of expenditure

The operations concerned are very varied; they depend on the applications from would-be recipients of aid and on the Commission's experience in the promotion of exports. They could be set out under the following headings:

1. Covering the cost of the developing countries' participation in trade exhibitions in Europe and elsewhere
2. Organization of meetings of (trade) professionals from Member States and the developing countries
3. Organization of trade missions to Europe from developing countries and Community trade missions to developing countries
4. Aid for setting up joint trade associations in the field of commercial promotion
5. Aid for the making of trade contacts to develop sub-contracting, joint ventures and industrial investments
6. Aid for the establishment in the Community Member States of trade offices for the developing countries
7. Basic and advanced vocational training of business people from developing countries
8. Arrangement of seminars on market exploration and organization
9. Sending consultants into firms in the developing countries to improve their products and organization
10. Sending consultants to the developing countries to organize their export promotion services
11. Publishing of data sheets and brochures, and compilation of lists of correspondents for use by European business people

3. Method of calculation and explanation of the changes

(a) Method of calculation

The operations listed under 2 are estimated individually from detailed quotations from the outside individuals and bodies responsible for carrying them out.

(b) Explanation of the changes

The increase requested (from 4.340.000 to 5.000.000; + 15,2%) is fully justified, given the overall policy of Community aid to the non-associated developing countries, as set out in the abovementioned Commission Communication to the Council of 5 March 1975. The promotion of trade between the EEC and these countries should be regarded as an essential factor for development, with a considerable snowball effect. Taking into account both the considerable increase in applications from the developing countries and general economic and monetary trends, the 15,2% increase in the appropriations for this item seems very moderate, nevertheless likely to meet the priority expectations of the developing countries concerned^{1, 2}.

1

in million u.a.

| Commitments | Payments | | |
|-------------|----------|------|------|
| | 1977 | 1978 | 1979 |
| 1977: 5 | 4,5 | 0,5 | - |

ARTICLE 932 MEASURES TO ENCOURAGE REGIONAL OR SUB-REGIONAL INTEGRATION BETWEEN DEVELOPING COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

Council Resolution of 30 April 1974 on regional integration between developing countries

¹ List of Council Decisions of 30 April 1974 (doc. T/230/74).

² For the 1976 financial year however, two Articles (901 and 933) were devoted to trade promotion. The total appropriation for these two items was 4.340.000 u.a. (3.500.000 + 840.000 u.a.).

(b) Description of the operation

- These measures are intended to bring Community aid to regional organizations of developing countries, in particular by helping them to benefit from the Community's experience and achievements.
- In due time, the Community should be able to contribute to the creation of economic entities better able to take a part in international trade, and in particular to develop their trade with the Community.

2. Type and breakdown of expenditure

(a) Type

The expenditure covers four main fields:

- Sending-out of experts in harmonizing structures and regulations in customs, law, industry, transport, technology and tourism.
- Agricultural, commercial, industrial or transport studies.
- Basic and advanced vocational training on the spot or in Europe.
- Publication and translation (particularly into Spanish) of documents relating to the above activities.

(b) Breakdown

For each financial year, a detailed programme is drawn up which includes cost estimates for each type of operation, based on experience to date with regional integration.

The relative appropriations are apportioned between the following regional organizations:

1. Latin America:

- (a) The Andean Group
- (b) Latin American Free Trade Association (LAFTA)
- (c) Institute for Latin American Integration
- (d) The River Plate countries
- (e) Permanent Secretariat of the Treaty on Central American Economic Integration

2. Asia and the Middle East:

- (a) Association of South-East Asian Nations (ASEAN)
- (b) Regional Cooperation on Development and the Arab League

3. Method of calculation and explanation of changes

(a) Method of calculation

The precise nature of each individual operation and the apportionment of appropriations between types of operations and geographical areas depend mainly on applications from the developing countries concerned. There is no general method of calculation, only one tailored to each operation (e.g. mission expenses of experts = daily rate x duration of mission; publication of documents = cost per page x number of pages x number of copies, based on the printer's estimate accepted by the Commission after consulting the Advisory Committee on Procurement and Contracts; and so on).

(b) Explanation of changes

| <u>1976 appropriation</u> | <u>1977 appropriation</u> | <u>Change</u> |
|---------------------------|---------------------------|----------------|
| in u.a. | in u.a. | in u.a. % |
| 260.000 | 400.000 | +240.000 +92,3 |

The increase requested is largely due to the fact that these operations have only now become fully operational. They were started in 1974 and the organizations concerned began in 1975 to show greater interest.

Moreover, this growing interest results from an ever-increasing degree of formal structuring in regional organizations, which have experienced severe administrative difficulties in recent years (e.g. ASEAN and the Andean Group). The Community is the only entity capable of giving them constructive help provided that it has sufficient means available.

CHAPTER 94: SPECIAL MEASURES FOR FINANCIAL AND TECHNICAL COOPERATION WITH THE DEVELOPING COUNTRIES

| Article Item | Heading | Appropriations 1976 | Estimates 1977 | Change between 1976 1977 | |
|--------------------|---|------------------------|-------------------|-----------------------------|--------|
| | | | | u.a. | % |
| 940 | Expenditure resulting from agreements between the EEC and UNRWA | 3.175.000 | 3.291.000 | + 116.000 | + 3,6 |
| 941 | Measures for the benefit of nationals of non-associated overseas countries | | | | |
| 9410 | Scholarships | 100.000 | 120.000 | + 20.000 | + 20 |
| 9411 | Training periods | 20.000 | 25.000 | + 5.000 | + 25 |
| 942 | Grant towards administration costs of training centres for nationals of developing countries | 110.000 | 110.000 | - | - |
| 943 | EEC subsidy in respect of the operation of the European Association for Cooperation | | | | |
| 9430 | Administrative expenditure of the EAC Headquarters | 1.298.750 | 1.799.200 | + 500.450 | + 38,5 |
| 9431 | Subsidy to the European Association for Cooperation in respect of the Commission delegations operating in the Maghreb countries | - | 681.000 | | |
| 944 | Organization of seminars on development aid | 77.000 | 65.000 | - 12.000 | - 15,6 |
| 945 | Aid for cooperation projects with the developing countries carried out by non-governmental organizations | 2.500.000 | 2.500.000 | - | - |
| 946 | Training of young executives for development aid | 60.000 | - | - | - |
| Chapter 94 - Total | | 7.340.750 | 6.091.200 | + 1.249.550 | + 17 |

CHAPTER 94 SPECIAL MEASURES FOR FINANCIAL AND TECHNICAL COOPERATION
WITH THE DEVELOPING COUNTRIES

(former Chapter 93)

ARTICLE 940 EXPENDITURE RESULTING FROM THE AGREEMENT BETWEEN THE EEC
AND UNRWA

1. Legal basis and description of the operation

(a) Legal basis

Second agreement between the EEC and UNRWA, which should be concluded in the first half of 1976 and will take effect on 1 July 1976 so that it can take over from the first three-year agreement (1 July 1972 - 30 June 1975).

(b) Description of the operation

Cash contribution by the Community for the implementation of the UNRWA supplementary food aid programme (to which contributions in kind are also made under appropriations for food aid): the beneficiaries are the particularly deprived Palestinian refugees distributed among several Near Eastern countries (about 200.000 persons). The aim of the project is to ensure that they receive the minimum indispensable nutrition.

2. Type and breakdown of the expenditure

(a) Type of expenditure

The cash contribution allocated annually to UNRWA is intended to cover three categories of expenditure under its food aid programme:

- purchase of foodstuffs in Europe
- on-the-spot purchase of foodstuffs
- administration and distribution costs resulting from the programme (essentially staff costs)

(b) Breakdown of the expenditure

For the financial year 1977, the expenditure is broken down as follows (on the basis of the request made to the Commission by UNRWA):

- Purchase of foodstuffs in Europe:

| | | |
|------------------------|---|--------------|
| (a) corned beef | + | 650.000 u.a. |
| (b) tomato concentrate | + | 35.000 u.a. |
| (c) vegetables | + | 100.000 u.a. |
| (d) burghol | + | 65.000 u.a. |
| Total | + | 850.000 u.a. |

- Purchase of foodstuffs on the spot:

| | | |
|---|---|--------------|
| (a) fresh products (vegetables, fruit) | + | 360.000 u.a. |
| (b) vitamins (to be added to the food rations) | + | 33.000 u.a. |
| (c) miscellaneous (particularly fuels) | + | 32.000 u.a. |
| Total | + | 425.000 u.a. |

- Administrative costs:

| | | |
|---|---|-------------------------|
| (a) costs for maintenance, rent, cleaning and construction of installations | + | 33.000 u.a. |
| (b) contracts (bakery) | + | 33.000 u.a. |
| (c) staff costs | + | 1.950.000 u.a. |
| Total | + | 2.016.000 u.a. |
| GRAND TOTAL | | 3.291.000 u.a. ===== |

3. Method of calculation and explanation of changes

(a) Method of calculation

For the purchase of foodstuffs, the amounts are obtained by multiplying the unit price of the goods by the quantities provided for in the agreement. The distribution costs are a function of the salaries on the spot and of the number of beneficiaries (and, where installations are concerned, of the price of the raw materials necessary, for example for the construction or maintenance of distribution stands).

(b) Explanation of changes

| <u>1976 Appropriations</u> | <u>1977 Appropriations</u> | <u>Changes</u> | |
|----------------------------|----------------------------|----------------|-------|
| in u.a. | in u.a. | in u.a. | % |
| 3.175.000 | 3.291.000 | + 116.000 | + 3,7 |

The very slight change can be explained by the following factors:

- The current annual inflation rate in the countries of the Middle East is about 15%.
- However, during the negotiations on the conclusion of the second agreement between the EEC and UNRWA, the Commission managed to have the administrative costs reduced, so that the proposed increase of 3,7% represents the balance between these two opposing trends.

ARTICLE 941 MEASURES FOR NATIONALS OF NON-ASSOCIATED OVERSEAS COUNTRIES

ITEM 9410 SCHOLARSHIPS

1. Legal basis and description of the operation

(a) Legal basis

Entry of an appropriation of 7.500 u.a. in the budget for the financial year 1976.

(b) Description of the operation

Scholarships granted to nationals of non-associated developing countries to enable them to take part in professional training courses in specialized institutes of the Member States (the persons concerned are mainly executives from the developing countries who wish to improve their knowledge of company management).

2. Type and breakdown of the expenditure

(a) Type of expenditure

These appropriations will serve to finance three training courses during the 1977 budgetary year.

(b) Breakdown of the expenditure

Each of these three training courses will involve about 20 participants and will last from three to four months. The appropriation entered under this item will be distributed fairly equally between the three training courses.

3. Method of calculation and explanation of changes

(a) Method of calculation

For each of these training courses, the expenditure is broken down as follows:

| | |
|--|--------------------|
| - Travel costs | 17.000 u.a. |
| - Subsistence costs | 14.000 u.a. |
| - Expenditure on education (teachers' remuneration) | 7.000 u.a. |
| - Miscellaneous (including expenditure on interpretation) | 2.000 u.a. |
| | <u>40.000 u.a.</u> |

Total amount for the three training courses 120.000 u.a.

(b) Explanation of changes

| <u>1976 Appropriations</u> | <u>1977 Appropriations</u> | <u>Changes</u> | |
|----------------------------|----------------------------|----------------|------|
| in u.a. | in u.a. | in u.a. | % |
| 100.000 | 120.000 | + 20.000 | + 20 |

The increase in the appropriation is due to the fact that the Commission is proposing to organize three training courses during the financial year 1977, as opposed to only two in 1976.

ITEM 9411 TRAINING COURSES

1. Legal basis and description of the operation

(a) Legal basis

Action undertaken by the High Authority of the ECSC and continued by the single Commission as part of the training courses organized by its departments (part of the appropriations entered until 1976 under Article 150, Cost of organizing internal training courses).

(b) Description of the operation

This appropriation is intended for the organization of short training courses (2 or 3 months) for nationals of Latin-American countries.

2. Type and breakdown of the expenditure

(a) Type of expenditure

The expenditure is intended to cover the organization of about ten training courses in the year of 2 or 3 months.

(b) Breakdown of the expenditure

The costs of organizing each training course comprise:

- a monthly allowance for the trainees
- the travel costs from the country of origin to Brussels and back
- the costs of organizing a visit to a session of the European Parliament (and possibly to Berlin) during the training course.

3. Method of calculation and explanation of changes

(a) Method of calculation

- Training course allowance:

| | | |
|---|---|-------------------|
| . 5 training courses ¹ of 2 months | | |
| 500 u.a. x 2 x 5 | = | 5.000 u.a. |
| . 5 training courses of 3 months | | |
| 500 u.a. x 3 x 5 | = | <u>7.500 u.a.</u> |
| | | 12.500 u.a. |

- Travel costs:

$$1.200 \text{ u.a.} \times 10^2 = 12.000 \text{ u.a.}$$

- Costs of visit to Strasbourg:

$$50 \text{ u.a.} \times 10 = \frac{500 \text{ u.a.}}{25.000 \text{ u.a.}}$$

(b) Explanation of changes

| <u>1976 Appropriations</u> | <u>1977 Appropriations</u> | <u>Changes</u> |
|----------------------------|----------------------------|----------------|
| in u.a. | in u.a. | in u.a. % |
| 20.000 | 25.000 | + 5.000 + 25 |

It is proposed to increase the appropriation for the training courses for nationals of Latin-American countries to bring the training course allowance (raised from Bfrs 20.000 to Bfrs 25.000 per month) and the appropriations to cover the travel expenses into line with the general rise in costs.

¹ Allowance of Bfrs 25.000 per month, or 500 u.a.

² Average price of the return trip South America - Brussels in tourist class (Buenos-Aires - Brussels return: Bfrs 60.000).

ARTICLE 942 AID TO THE MANAGEMENT OF TRAINING INSTITUTES FOR NATIONALS
OF DEVELOPING COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

Entry of an appropriation of 90.000 u.a. in the budget for the financial year 1973 (Article 322).

(b) Description of the operation

Contribution to the financing of the management and operating expenditure of the Centre Européen de Formation des Statisticiens-Economistes des pays en voie de développement (CESD) (European Training Centre for Statisticians-Economists from developing countries) in Paris.

2. Type of expenditure

Flat-rate subsidy fixed annually under the budgetary procedure.

3. Method of calculation and explanation of changes

(a) Method of calculation

The Community contribution has been fixed since the beginning as a function of the number of trainees (about 100 for the academic year 1975/76).

(b) Explanation of changes

The appropriation requested for 1977 (110.000 u.a.) is the same as the appropriation for 1976.

ITEM 9430 ADMINISTRATIVE EXPENDITURE IN RESPECT OF THE HEADQUARTERS
OF THE EUROPEAN ASSOCIATION FOR COOPERATION (EAC)

1. Legal basis

The European Association for Cooperation (EAC) is an international non-profit-making association under Belgian law and received civil status by royal decree of 15 September 1964 (Moniteur belge of 3 October 1964, p. 10536).

Its responsibilities are as follows:

"The object of the Association is to facilitate the joint effort undertaken by the European Economic Community, the African States and the Malagasy Republic, and the associated countries, territories and overseas departments, through better implementation of the means of cooperation and scientific and technical control necessary for the economic and social development of these States, countries, territories and overseas departments.

"To achieve this objective, the Association, under its statutes and the agreements concluded between it and the Commission of the European Communities, recruits, assigns duties to and provides administrative services for persons to perform the tasks of cooperation and scientific and technical control and the administration of the grants awarded by the Community."

Its statutes are published:

- in the Moniteur belge of 3 October 1964, pp. 10536 and 10537
- in the annex to the Moniteur belge (non-profit-making organizations) of 29 October 1964, Act No 4727, p. 1932
- in the annex to the Moniteur belge of 29 February 1968, No 1049, p. 510.

The Agreement concluded on 13 July 1965 between the Commission and the EAC includes the following stipulations:

- the EAC shall each year draw up and submit to the Commission for approval an estimate of expenditure;
- the Commission shall grant the EAC the funds necessary for its activity by drawing on EDF funds.

On renewing the Convention of Association with the AASM in 1969, the Community undertook to charge to its administrative budget the administrative expenditure of the headquarters of the EAC.

This is the basis upon which expenditure in respect of the headquarters of the EAC has appeared in the General Budget (Section III - Commission) since the 1970 financial year.

2. Type and breakdown of the expenditure

(a) Type

The expenditure in respect of the headquarters of the EAC covers:

- remuneration of staff assigned to the headquarters and employer's contributions:
 - number of officials authorized in respect of 1976 = 40
 - additional authorization requested for 1977 = 10
- administrative expenses proper.

(b) Breakdown

| | <u>Article 944</u> | <u>Chapter 100</u> | <u>Total</u> <u>(in u.a.)</u> |
|------------------------------------|--------------------|--------------------|----------------------------------|
| - staff already authorized in 1976 | 1.294.300 | 116.200 | 1.410.500 |
| - additional staff for 1977 | 258.300 | 25.500 | 283.800 |
| - administrative expenses | 246.600 | - | 246.600 |
| | <u>1.799.200</u> | <u>141.700</u> | <u>1.940.900</u> |

3. Method of calculation and explanation of changes

The 40 posts already authorized for 1976 are covered for 12 months, while the 10 new posts are covered for only 9 months. EAC staff are subject to Belgian legislation as regards tax and social security. The resulting employer's contributions - larger than those for the staff of the Communities - therefore account for a large proportion of the appropriations.

Any changes in remunerations decided by the Council in 1976 and 1977 will also apply to staff at the headquarters of the EAC. The appropriations under Item 9430 and those under Chapter 100 therefore include a reserve for this purpose, in line with the table on page 110.

The appropriations allocated to the EAC have changed as follows:

| | |
|----------------------|-----------------------|
| 1977 appropriations: | 1.940.300 u.a. |
| 1976 appropriations: | <u>1.298.750 u.a.</u> |
| Increase = | 642.150 u.a. |
| = | 49,44% |

The increase is due mainly to the following factors:

- the effects of estimated changes in the remuneration of staff already authorized;
- probable increments for the same staff;
- the addition of 10 new staff members to perform the work resulting from the entry into force of the Lomé Convention;
- the increase in administrative costs due both to new staff and to the rise in the cost of living.

[New operation]

ITEM 9431 SUBSIDY TO THE EAC FOR THE COMMISSION'S DELEGATIONS OPERATING IN THE MAGHREB COUNTRIES

1. Legal basis and description of the operation

(a) Legal basis

Commission communication of . . . to the Council and the European Parliament.

(b) Description of the operation

The implementation of the financial protocols of the economic and financial cooperation agreements signed between the European Economic Community, on the one hand, and the Kingdom of Morocco, the Republic of Tunisia and the Republic of Algeria, on the other, requires the establishment of Commission delegations in Rabat, Tunis and Algiers.

2. Type and breakdown of expenditure

(a) Type

Expenditure in respect of the remunerations of the heads of delegations, who are included on the table of the Commission staff complement, comes under the appropriations for Commission staff.

The amounts required to pay the other staff and the administrative costs of the delegations are covered by the appropriations under this item.

The appropriations under this item will be managed by the EAC in order to take advantage of the experience gained in setting up delegations in the ACP countries.

(b) Breakdown of expenditure

| | | <u>u.a.</u> |
|--|---------------|----------------|
| <u>Initial installation costs</u> | | |
| Furniture and equipment | 40.000 | |
| Two vehicles | <u>15.000</u> | 55.000 |
| <u>Staff salaries</u> | | 94.000 |
| <u>Administrative expenditure</u> | | |
| Rent (offices, accommodation) | 27.000 | |
| Running costs (electricity, telex, office furniture, etc.) | 30.000 | |
| Travel expenses | 18.000 | |
| Representation costs | <u>3.000</u> | <u>78.000</u> |
| <u>Total for each delegation</u> | | <u>227.000</u> |

3. Method of calculation

The appropriation is calculated on the basis of experience gained by the EAC in running its offices in the ACP countries.

ARTICLE 944 ORGANIZATION OF DEVELOPMENT AID SEMINARS

1. Legal basis and description of the operation

(a) Legal basis

- Council Resolution of 30 April 1974 on the promotion of the exports of developing nations¹
- Council Resolution of 3 March 1975 on the future development of the Community's generalized tariff preferences².

¹Summary of the Council Decisions of 30 April 1974 (Doc T/230/74).

²Summary of the Council Decisions of 3 March 1975 (Doc T/192/75).

(b) Description of the operation

The organization of seminars on the Community scheme of generalized tariff preferences forms an integral part of Community measures to improve the export opportunities for manufactured goods from developing countries.

Intended initially to acquaint the responsible authorities and business circles in the beneficiary countries of the fact that the system exists and to familiarize them with its complex rules of application, their purpose is now to draw the attention of the producers and exporters from the beneficiary countries to the problems raised by the export of specific products and to the prospects open to them.

2. Type and breakdown of the expenditure

(a) Type

Only seminars on the Community system of generalized preferences, to be held in certain developing countries in South-East Asia and Latin America, are planned for the 1977 financial year.

(b) Breakdown

The appropriation entered in the 1977 Budget will cover the following operations:

- 1 seminar in an ASEAN¹ country
- 1 seminar in Sri Lanka
- 3 seminars in India
- 3 seminars in Pakistan
- 1 seminar in a CACM² country
- 5 seminars in Latin America

3. Method of calculation and explanation of changes

(a) Method of calculation

The total amount is obtained by multiplying the number of seminars by the cost of each of them. In this connection, the seminars organized in Asia and the Middle East must be distinguished from those organized in Latin America (for which the cost is much higher).

¹Association of South-East Asian Nations.

²Central American Common Market.

The expenditure can be broken down as follows:

- 8 seminars in Asia and the Middle East: 32.000 u.a.
- 6 seminars in Latin America: 33.000 u.a.

TOTAL AMOUNT FOR 1977: 65.000 u.a.¹

(b) Explanation of changes

| <u>1976 appropriations</u> | <u>1977 appropriations</u> | <u>Change</u> | |
|----------------------------|----------------------------|----------------|----------|
| <u>in u.a.</u> | <u>in u.a.</u> | <u>in u.a.</u> | <u>%</u> |
| 77.000 | 65.000 | - 12.000 | - 15,6 |

The reason why the appropriation is lower than in 1976 is that no seminar is being held in Brussels in 1977. The seminars in Brussels are much more costly than those organized in the developing nations (approximately 20.000 u.a. per seminar).

¹ It should be noted that the seminars are not financed entirely by the Commission: part of the costs is met by the Governments of the recipient countries.

ARTICLE 945 AID FOR COOPERATION PROJECTS WITH THE DEVELOPING COUNTRIES
CARRIED OUT BY NON-GOVERNMENTAL ORGANIZATIONS (NGOs)

1. Legal basis and description of the operation

(a) Legal basis

- Commission Communication to the Council of 6 October 1975^{1, 2}
- Entry of an appropriation of 2,5 m u.a. in the 1976 Budget (Article 938)³

(b) Description of the operation

The objective is the joint financing with the NGOs of microprojects to benefit the most deprived people in the developing countries, whether associated or not. This approach obviates the cumbersome procedures and considerable administrative expense involved when official aid is used for this type of operation and also allows cooperation with experienced private organizations in schemes which are often complementary to those conducted by the public authorities.

¹ Doc. COM(75)504 final.

² An amendment by the European Parliament to the 1975 Draft Budget for opening a budget heading with an appropriation of 10 m u.a. was not adopted in the final Budget for the 1975 financial year.

³ Adoption on 18 December 1975 of Amendment No 24 of the European Parliament.

2. Type and breakdown of the expenditure

(a) Type

The operations financed by these appropriations, because of the very aims they pursue, vary widely in both scale and scope (rural services, welfare, education, health, emergency aid, etc.).

(b) Breakdown

In view of point (a) above, it is impossible to break down the appropriations from the very outset into the various fields of application; this breakdown can only take shape as the projects submitted by the NGOs are examined and decisions taken by the Commission.

3. Method of calculation and explanation of changes

(a) Method of calculation

For the same reasons as those given under 2 above, it is not possible to use the same method of calculation for all the proposed operations. In theory, Community participation in micro-operations should fall between 1.000 u.a. and 100.000 u.a.

(b) Explanation of changes

The increase requested for 1977 (from 2,5 m u.a. to 5 m u.a.) is merely a restatement of the proposal made by the Commission for the preliminary draft budget for 1976: the Commission had proposed the figure of 5 m u.a. for 1976. Experience in the first few months of this financial year has confirmed that this amount is an annual minimum, in view of the number and scale of applications for joint financing put forward by the Commission departments involved¹.

¹The following timetable is proposed for this item:

| Commitments | m u.a. | | |
|-------------|----------|------|------|
| | Payments | | |
| | 1977 | 1978 | 1979 |
| 1977: 5 | 2,5 | 2,5 | - |

ARTICLE 946 TRAINING YOUNG EXECUTIVES FOR DEVELOPMENT AID

With the entry into force of the Lomé Convention and in the light of experience, this operation will no longer be pursued in 1977 in its original form, i.e. with the aid of budgetary appropriations. It will have to be completely reviewed.

The budgetary heading is retained but with a dash only, to conform with the provisions of the Financial Regulation.

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CHAPTER 95 - EXCEPTIONAL MEASURES TO ASSIST DEVELOPING COUNTRIES
AND NON-MEMBER COUNTRIES

| Article Item | Heading | Appropriations 1976 | Forecasts 1977 | Change between 1976 and 1977 | |
|-----------------|---|------------------------|-------------------|---------------------------------|--------|
| | | | | u.a. | % |
| 950 | United Nations international emergency measures to assist the developing countries most affected by the recent international price trends | - | - | - | - |
| 951 | Community aid to disaster victims | 600.000 | 1.000.000 | + 400.000 | + 66,6 |
| | Chapter 95 - Total | 600.000 | 1.000.000 | + 400.000 | + 66,6 |

CHAPTER 95 EXCEPTIONAL MEASURES TO ASSIST DEVELOPING COUNTRIES AND
NON-MEMBER COUNTRIES
(formerly Chapter 94)

ARTICLE 950 UNITED NATIONS INTERNATIONAL EMERGENCY MEASURE TO ASSIST
THE DEVELOPING COUNTRIES MOST AFFECTED BY THE RECENT
INTERNATIONAL PRICE TRENDS

In 1974 and 1975, the two tranches ¹ of the Community contribution to the United Nations emergency measure decided by the Council on 25 June 1974² were charged to this Article.

Both tranches must be utilized in their entirety before 31 December 1976.

Consequently, it is not necessary to provide for the entry of appropriations or to make a token entry under this item for the 1977 financial year. However, in accordance with the provisions of the Financial Regulation, it is desirable to maintain the budget entry, marking it with a dash.

¹ 1974: 124.500.000 u.a.
1975: 89.000.000 u.a.

² Doc. S/751/74 of 25 June 1974.

ARTICLE 951 COMMUNITY AID TO DISASTER VICTIMS

1. Legal basis and description of the operation

(a) Legal basis

Entry of an appropriation in the Budget since the 1971 financial year ¹.

¹ The following note appears in the explanatory memorandum attached to the draft budget for the 1971 financial year:
"The Council has agreed, in addition, to enter in the draft budget the appropriation of 500.000 u.a. requested by the Commission to enable rapid Community assistance to be given to populations affected by disasters (Article 145), after having accepted the principle of this expenditure."
(Doc. R/2229/70 of 30 October 1970).

(b) Description of the operation

The appropriations entered under this item are intended to finance emergency assistance to populations affected by disasters (as a general rule, they make possible the purchase and the delivery to site of the most urgently needed materials, such as tents, lorries, blankets, medicines, clothes, etc).

2. Type and breakdown of the expenditure

(a) Type of expenditure

The amount entered in the Budget is used solely to implement measures corresponding to the description given in point 1(b) above.

(b) Breakdown of the expenditure

These appropriations are distributed as and when the needs arise (that is, as required by the occurrence of disasters that justify rapid Community intervention).

3. Method of calculation and explanation of changes

(a) Method of calculation

Because of the very nature of the measures financed with these appropriations, a prior breakdown of the total amount entered in the Budget is impossible.

On the other hand, each measure financed is subjected to a precise evaluation based on the unit cost of the goods provided (ascertained on the Community market or in non-member countries in accordance with the nature of and the dispatching facilities for the necessary products) multiplied by the quantities to be delivered (these being determined as a function of the requirements expressed by the authorities of the beneficiary countries).

(b) Explanation of changes

The increase of 400.000 u.a. requested for 1977 results essentially from experience acquired during the 1976 financial year. It appeared, in fact, that the amount entered in the 1976 Budget (600.000 u.a.) was not sufficient to guarantee that disaster situations such as those that have occurred since the beginning of the year could be coped with. Since the end of the first quarter, the appropriations entered have proved to be inadequate. Consequently, it appeared indispensable to provide for an appropriation of 1 million u.a. for the 1977 financial year to avoid the recurrence of such a shortfall.

CHAPTER 96 - AID TO NON-MEMBER COUNTRIES

| Article Item | Heading | Appropriations 1976 | forecasts 1977 | Change between 1976 and 1977 | |
|-----------------|---|---------------------|-------------------|------------------------------|------|
| | | | | u.a. | % |
| 960 | Aids towards the repayment of interest on loans granted by the European Investment Bank to Portugal | 12.000.000 | 18.000.000 | + 6.000.000 | + 50 |
| 961 | Guarantee by the EEC for the loans granted to Portugal by the European Investment Bank | token entry | token entry | - | - |
| 962 | Non-repayable aids and special loans granted under financial protocols | - | token entry | - | - |
| | Chapter 96 - Total | 12.000.000 | 18.000.000 | + 6.000.000 | + 50 |

CHAPTER 96

AID TO NON-MEMBER COUNTRIES

(New chapter)

ARTICLE 960

AID TOWARDS THE PAYMENT OF INTEREST ON LOANS GRANTED BY THE
EUROPEAN INVESTMENT BANK TO PORTUGAL

1. Legal basis and description of the operation

(a) Legal basis

Council Decision of 7 October 1975¹.

(b) Description of the operation

By means of the abovementioned Decision, the Council granted Portugal emergency aid in the form of loans from the European Investment Bank, out of its own funds, to the amount of 150 million u.a. It was also decided to couple these loans with interest subsidies chargeable to the Community budget to an amount of 30 million u.a. to be distributed between the 1976 and 1977 financial years.

2. Type and breakdown of the expenditure

(a) Type of expenditure

The appropriation entered under this item comprises only the interest subsidies on the loans granted by the Bank as emergency aid to Portugal.

(b) Breakdown of the expenditure

A prior breakdown of the appropriations under this item is impossible, since the interest subsidies are only the budgetary reflection of the loans granted by the EIB (these being themselves a function of the introduction of investment projects by the Portuguese authorities and of the decisions made by the Board of Directors of the Bank).

¹Summary of the Council Decisions of 6 and 7 October 1975
(Doc. R/2617/75 of 24 October 1975).

3. Method of calculation and explanation of changes

(a) Method of calculation

The amount of 30 million u.a. as interest subsidies on the EIB loans was fixed as an aggregate (for two budget years) in the Council Decision of 7 October 1975.

Since an appropriation of 12 million u.a. was entered in the 1976 Budget, it is desirable to assign the amount of 18 million u.a. to this budgetary heading for the 1977 financial year.

(b) Explanation of changes

| <u>1976 Appropriations</u> | <u>1977 Appropriations</u> | <u>Changes</u> | |
|----------------------------|----------------------------|----------------|------|
| in u.a. | in u.a. | in u.a. | in % |
| 12.000.000 | 18.000.000 | + 6.000 000 | + 50 |

This change simply reflects the Council Decision for the 1977 financial year.

ARTICLE 961

GUARANTEE BY THE EEC FOR THE LOANS GRANTED TO PORTUGAL BY THE EUROPEAN INVESTMENT BANK

1. Legal basis and description of the operation

(a) Legal basis

Council Decision of 7 October 1975¹.

(b) Description of the operation

As part of the emergency aid to Portugal, the Council decided that the total guarantee granted to the EIB for its operations in that country should be entered in the Budget of the Communities.

2. Type and breakdown of the expenditure

Since this is a guarantee measure, no appropriation is to be provided for it under this budget heading, under which a token entry has been made.

¹Summary of the Council Decisions of 6 and 7 October 1975 (Doc. R/2617/75 of 24 October 1975).

ARTICLE 962

NON-RETURNABLE AID AND SPECIAL LOANS GRANTED UNDER
FINANCIAL PROTOCOLS

1. Legal basis and description of the operation

(a) Legal basis

- Article 238 of the EEC Treaty;
- Council Regulation (EEC) No 939/76 of 23 April 1976 concluding the Financial Protocol between the EEC and Malta¹;
- Agreements concluded between the European Economic Community, the Kingdom of Morocco², the Republic of Tunisia² and the People's Democratic Republic of Algeria³;
- Agreements being negotiated (Mashreq countries, Israel) or to be negotiated at a later date in the context of the overall Mediterranean approach, and likely to have effects on the budget from the 1977 financial year onwards.

(b) Description of the operation

The appropriations entered under this Article of the budget are intended to permit the implementation of non-EIB financial aid specified in the financial protocols of agreements concluded with the abovementioned countries.

2. Type and breakdown of expenditure

(a) Type of expenditure

The expenditure entered under this item is of two kinds:

- non-returnable aid (gifts and interest subsidies for loans granted by the EIB out of its own resources);
- loans subject to special conditions (including contributions to the formation of risk capital).

(b) Breakdown of expenditure

In view of the time-lag for the ratification of the abovementioned agreements (which will not in any event take place until some time in 1977), it is not possible at this stage to give an exact breakdown of the appropriations either between the recipient countries (the overall amount of budgetary aid is known only for the Maghreb countries - 172 m u.a. spread over the five years covered by the agreements - and the Republic of Malta - 10 m u.a. over five years) or between the two headings under point (a) above.

¹ OJ No L 111 of 28 April 1976.

² Doc. COM(76)5 final of 16 January 1976.

³ Doc. COM(76)44 final of 6 February 1976.

3. Method of calculation

For the reasons mentioned under the last point, it seemed advisable to assign to this budget entry only an amount of 20 m u.a. in appropriations for commitment.

in m u.a.

| Commitments | Payments | | | |
|-------------|-------------|------|------|------|
| | 1977 | 1978 | 1979 | 1980 |
| 1977: 20 | token entry | 6 | 6 | 8 |

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TITLE 10 OTHER EXPENDITURE

The appropriations for Chapters 100 and 101
do not require financial record sheets

The breakdown of the appropriations proposed under Chapter 100 is contained in the comments on this Chapter in Volume IV. The explanation for them on the other hand is included in Part II under the budget heads to which they are allocated.

B. RESOURCES

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SECTION B: RESOURCES

1. Legal framework

Since 1 January 1975 the Budget of the Communities has been entirely financed from the European Communities' own resources, irrespective of other revenue (Article 4(1) of the Decision of 21 April 1970). These own resources, created by that Decision, are agricultural levies, sugar levies, customs duties and resources accruing from VAT. In the absence of a uniform assessment basis for value added tax, the financing of that part of the Community Budget which should be covered by the last-named category of revenue is covered instead by contributions calculated on the basis of the GNP.

The financing of the Community Budget from revenue deriving from VAT depends on the adoption and implementation of the sixth directive concerning the uniform basis which the Commission proposed to the Council on 29 June 1973 (sixth directive on the harmonization of the laws of the Member States relating to turnover tax - VAT system: uniform basis).

For its part, the European Parliament submitted a number of amendments to the Commission's original proposal on 14 March 1974, and the Commission then changed its position on 24 July 1974.

At its sitting of 20 June 1975 Parliament unanimously adopted a resolution concerning progress in this matter. Parliament sincerely hoped that all the measures required for the effective implementation of the Decision of 21 April 1970 with regard to the Community Budget's being entirely financed from own resources would be taken in the very near future. Despite the degree of progress achieved, in particular as a result of the Council of Finance Ministers of 21 November 1975, no agreement has yet been reached. In view of the above, that part of the budget for the 1977 financial year which cannot be financed from revenue deriving from VAT will this year yet again be financed from contributions based on the GNP.

The Decision of 21 April 1970 provides that, where a uniform basis for assessing VAT has not been applied by at least three Member States, the financing of that part of the expenditure not covered by agricultural levies, customs duties and miscellaneous revenue shall be covered by financial contributions determined according to the proportion of a Member State's gross national product to the total of the gross national products of the Member States¹.

Article 16(2) of Regulation (EEC, Euratom, ECSC) No 2/71 implementing the Decision of 21 April 1970 states the rules governing the Member States' shares in the financing of the European Communities' Budget. The main feature of the period 1975-77, which constitutes the second stage of the implementation of the Decision of 21 April 1970, is the assignment to the Communities of the whole of the own resources referred to in Article 2 of the Decision itself, and the introduction of margins of variation for the relative shares of $\pm 2\%$ of the figure for the preceding financial year. These margins of variation will be removed as from 1978.

In Articles 127 to 132, the Act of Accession provides for a transitional period covering the years 1973 to 1979 during which the new Member States will gradually adjust to the system set up by the Decision of 21 April 1970. Thus the margins of variation of $\pm 2\%$ apply to the three new Member States as well as to the Six, but the new Member States are allowed reductions on their relative shares so that they pay only 92% in 1977; the amount after the reduction was 79,5% in 1976 (Article 130 of the Act of Accession).

In 1977, as in the past, the United Kingdom will continue to pay over fiscal duties on tobacco, together with customs duties and agricultural levies.

¹ The statistics used for this calculation are those relating to the first three years of the five-year period preceding the budgetary year (cf. Annexes C and D of Volume 1).

2. Financial analysis of 1977 revenue

(a) Relative shares

The variation of a Member State's relative share from the figure for the previous year is contained within rather narrow margins. If one considers by way of example the case of a Member State which financed 20% of the Community Budget, it will be found that in the following year the same Member State could finance a minimum of 19,60% and a maximum of 20,40% of the same Budget, even when the natural weighting of the own resources transferred and the possible contributions could, for reasons connected with the short-term market conditions, lead to wider variations.

Moreover, pursuant to Article 130 of the Treaty of Accession, the "relative share" of the new Member States increases from year to year, and whereas it was 18,891% overall in 1976 it will be 22,1489% in 1977; this has the effect of correspondingly reducing the relative share of the Six.

The table below shows the trend in the relative shares of the Member States during the period 1973-77. The calculation of these relative shares, a fairly complicated operation, is based on the provisions of the Decision of 21 April 1970 and the financial provisions of the Treaty of Accession.

| Member States | 1 9 7 3 ¹ | 1 9 7 4 ¹ | 1 9 7 5 ¹ | 1 9 7 6 | 1 9 7 7 |
|----------------|----------------------|----------------------|----------------------|---------|---------|
| Belgium | 7,3602 | 7,0640 | 6,7730 | 6,4139 | 6,0445 |
| Denmark | 1,1181 | 1,4053 | 1,7278 | 2,0041 | 2,3003 |
| Germany | 29,0369 | 28,4738 | 28,0752 | 27,5853 | 26,9830 |
| France | 24,7783 | 24,2745 | 22,9962 | 21,8224 | 20,6024 |
| Ireland | 0,2772 | 0,3484 | 0,4283 | 0,5145 | 0,6073 |
| Italy | 19,0410 | 18,2096 | 17,5874 | 16,6757 | 15,7330 |
| Luxembourg | 0,1782 | 0,1704 | 0,1649 | 0,1565 | 0,1477 |
| Netherlands | 9,4292 | 9,0174 | 8,6781 | 8,5260 | 8,3405 |
| United Kingdom | 8,7809 | 11,0366 | 13,5691 | 16,3010 | 19,2413 |
| | 100,- | 100,- | 100,- | 100,- | 100,- |

¹ These figures are the relative shares published in the Budget and Supplementary Budget.

(b) Agricultural levies

1. Forecasts concerning levies are very uncertain because:
 - the Community's requirements in imports, which depend on the level of production and consumption, cannot be accurately forecast;
 - and, more important, world prices are subject to sharp fluctuations.

The buoyant economy of the cereals sector, the principal source of levies, explains the sharp drop in levies in 1973 and 1974.

Export levies were introduced in these two years to discourage massive exports to non-Community countries and to safeguard the principle of common prices, as world market prices were higher than the Community threshold prices. By contrast, in 1975 and the first few months of 1976 world prices gradually fell so that it seemed reasonable, when making calculations for 1977, to work on the assumption that prices would return to the traditional level which, in 1969/70, resulted in levies of approximately 850 m u.a. for the Six.

A further not unimportant factor in the increase in levies is the almost total application of common prices to the United Kingdom, which imports large quantities of cereals, particularly common wheat.

The forecast for levies in 1977 therefore stands at 1.022.000 u.a.

The consequences of the monetary situation on agricultural levies, through the application of MCAs, should, however, be stressed. Particularly where depreciated currencies are concerned, the granting of monetary compensatory amounts on imports which are then deducted from the import levy might have the effect of considerably reducing revenue raised through levies.

2. The forecast for sugar storage levies is 112 m u.a.; this sum depends largely on trends in production, technical storage costs and rates of interest. Production levies essentially depend on the surpluses to be sold and on the world market, and the position in this sector prompted a Community decision authorizing the non-collection of levies for the agricultural year 1975/76. An estimate of 150 m u.a. under this heading has been made for the 1977 financial year.

(c) Customs duties

Particular attention should be drawn to the following points:

1. In general, the fiscal duties which were included in the Irish and United Kingdom customs duties will become internal taxes from 1976; however, until 1 January 1978, the United Kingdom will continue to apply fiscal duties on tobacco only.

2. Pursuant to Article 36 of the Act of Accession, charges having equivalent effect to customs duties on imports between the Community as originally constituted and the new Member States and between the new Member States themselves were further reduced by 20% from 1 January 1976; the final reduction will take effect on 1 July 1977.

3. There will be similar reductions for trade between the Community and the EFTA countries.

4. With the exception of the United Kingdom's fiscal duties on tobacco, the new Member States will be applying the whole of the Common Customs Tariff from 1 July 1977.

5. The proportion of own resources transferred to the Community by the new Member States will increase from 79,5% in 1976 to 92% in 1977.

*

*

*

With the exception of the United Kingdom, whose contributions to the Community Budget are based on expenditure¹, the customs duties contributed by the other countries will increase from the sum of 2.490.000 u.a. entered in the 1976 Budget to an estimate of 2.671.000 u.a. for the 1977 Budget.

However, actual revenue for the first few months of the current financial year suggest that the figure for the 1976 Budget was an underestimate.

In spite of the abovementioned tariff reductions and current tariff systems such as general tariff preferences, a considerable increase in revenue from customs duties is forecast, which reflects present trends in the economy in general.

(d) GNP contributions

The GNP scales applicable to the 1977 financial year have been fixed in the same way as for the 1975 and 1976 Budgets, i.e., on the basis of the harmonized statistics on the GNP for the first three years of the five-year period preceding the budget year, namely 1972, 1973 and 1974. The statistics were provided by the Statistical Office of the European Communities.

(e) Miscellaneous revenue

This revenue has risen from 70,9 m u.a. in 1976 to 71,8 m u.a. in 1977.

The miscellaneous revenue coming under the general budget has risen from 38,4 m u.a. in 1976 to 40,7 m u.a. in 1977. The revenue under the research and investment budget has changed from 5,4 m u.a. in 1976 to 5,00 m u.a. in 1977. The total of ECSC levies allocated to administrative expenditure is still the same at 18 m u.a. The contributions of the Member States to the EAEC complementary programmes have changed from 9,2 m u.a. in 1976 to 8,2 m u.a. in 1977.

¹ Fiscal duties on tobacco are estimated at 3.260.000 u.a. for 1977 and protective duties on all products at 1.183.000 u.a.; this gives a total of 4.443.000 u.a. which is quite sufficient to cover the United Kingdom's relative share.

Estimate of the share of the gross national product
of each Member State as a proportion of the
total of the gross national products

in m u.a.

| Member State | 1972 | 1973 | 1974 | Average | % |
|-----------------------------|---------|---------|---------|---------|---------|
| Federal Republic of Germany | 225.440 | 250.500 | 268.008 | 247.983 | 28,5914 |
| France | 175.902 | 199.514 | 230.628 | 202.015 | 23,2914 |
| Italy | 110.830 | 129.541 | 155.491 | 131.954 | 15,2137 |
| Netherlands | 40.671 | 45.989 | 51.669 | 46.110 | 5,3163 |
| Belgium | 31.081 | 35.351 | 41.389 | 35.940 | 4,1437 |
| Luxembourg | 1.214 | 1.429 | 1.656 | 1.433 | 0,1652 |
| United Kingdom | 151.303 | 173.556 | 196.625 | 173.828 | 20,0416 |
| Ireland | 5.314 | 6.362 | 6.910 | 6.195 | 0,7143 |
| Denmark | 19.198 | 21.942 | 24.495 | 21.878 | 2,5224 |
| EEC | 760.953 | 864.184 | 976.871 | 867.336 | 100 |

| Type of revenue | Budgetary estimates | | Outturn | |
|-----------------------|---------------------|------------|--------------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Own resources: | | | | |
| - customs duties | 3.400.313,6 | 54,25 % | 3.151.023,2 | 50,71 % |
| - agricultural levies | 423.797,5 | 6,76 % | 510.415,5 | 8,21 % |
| - sugar | 106.722,5 | 1,70 % | 79.662,6 | 1,28 % |
| | 3.930.833,6 | 62,71 % | 3.741.101,3 | 60,20 % |
| contributions | 2.267.200,4 | 36,17 % | 2.151.995,4 | 34,64 % |
| Other revenue | 70.259,9 | 1,12 % | 320.511,9 | 5,16 % |
| Total | 6.268.293,9 | 100,- % | 6.213.608,6 | 100,- % |
| Own resources | | | | |
| - customs duties | 3.554.824,2 | 46,92 % | 3.648.000,- ¹ | 48,15 % |
| - agricultural levies | 629.095,5 | 8,30 % | 851.100,- ¹ | 11,23 % |
| - sugar | 107.941,- | 1,92 % | 82.000,- | 1,08 % |
| | 4.291.860,7 | 56,64 % | 4.581.100,- ¹ | 60,46 % |
| contributions | 3.214.004,3 | 42,42 % | 2.924.765,- | 38,60 % |
| Other revenue | 70.994,1 | 0,94 % | 70.994,1 | 0,94 % |
| Total | 7.576.859,1 | 100,- % | 7.576.859,1 | 100,- % |
| Own resources | | | | |
| - customs duties | 4.195.465,4 | 45,30 % | | |
| - agricultural levies | 1.003.520,- | 10,84 % | | |
| - sugar | 258.080,- | 2,79 % | | |
| | 5.457.065,4 | 58,93 % | | |
| contributions | 3.731.321,3 | 40,30 % | | |
| Other revenue | 71.844,5 | 0,77 % | | |
| Total | 9.260.731,2 | 100,- | | |

The "outturn" for Ireland and the United Kingdom depends on the level of expenditure, since those two Member States contribute towards financing the Community budget by applying the relative share to the amount of expenditure.

In the budgetary estimates column, the above table takes into consideration the budgets adopted for the 1975 and 1976 financial years and the preliminary draft budget for the 1977 financial year; the outturn column on the other hand records the effective outturn for the 1975 financial year while taking into account the fact that the revenue shown serves to cover the expenditure incurred in the same financial year, as specified in Article 17 of Decision No 2/71.

¹ The figures shown are an extrapolation over twelve months of the trends recorded in the first three months of the financial year.

PART III

TRIENNIAL FINANCIAL FORECASTS

1977 - 1978 - 1979

(This Part will be distributed separately)